

H1 23 results: revenue +44%YoY

31 January 2023

For the six months to 31 October 2022 Kromek reported revenue of £6.785m, +44.1% YoY, gross profit of £2.739m, +24.3%YoY, a 40.4% margin compared to 46.8% a year earlier, and an (adj.) EBITDA loss of £(2.666)m (H1 22: £(0.630)m loss) attributable to a combination of inventory build – offsetting components supply chain factors – cost inflation and a £0.5m US\$:GB£ currency move. The loss before tax (reported) was £(5.671)m. As of 31 October 2022 the cash position was £0.956m, with net debt at £8.302m. Kromek reports that by 23 January the cash position had improved to £1.3m.

Strong order book, H2 EBITDA outlook positive

Kromek reported an order book with 84% of revenue reported to be either contracted or already shipped, 5% under negotiation and 2% arising from repeat business; leaving 9% to be filled by new opportunities, underpinning **confidence in the full year outlook**. The **Advanced Imaging** segment has benefitted from significant contracts and customer engagement in key target areas, notably SPECT (single photon emission computed tomography) and CT (computed tomography). The high profile Spectrum Dynamics Medical VERITON-CT 400, the world's first digital SPECT/CT scanner for higher energy imaging, has further raised Kromek's profile as the only independent supplier of cadmium zinc telluride (CZT) components. Continued geopolitical uncertainty - in which the BlackRock Global Investment Institute ranks the threat from terrorism fourth out of ten rated "high" – underpins demand for Kromek's range of D3 and D5 radiation detectors in the **CBRN** segment, also evident in the major post period-end £4.9m UK government for development of biological threat-detection systems.

FY23 outlook

At the start of FY23, Kromek noted that it expected **"a substantial year-on-year increase in revenue"**. H1 results and prospects for the second half reaffirm this outlook, indicative of >40%YoY growth, to record revenue levels. Also, we anticipate that the inflationary, exchange rate and supply chain pressures which impacted H1 23 profitability having stabilised will continue to ease, allowing a return to an H2 gross margin of 51.0%, indicative of 47.0% for the full year.

Forecasts and valuation

Our FY23 revenue outlook remains, at this stage, unchanged, at £18.0m +49%YoY (E). We expect 2H (adj.) EBITDA profitability of £0.38m, with the H1 loss of £2.67m reduced to a £2.28m loss for the year. **For FY24 we anticipate healthy revenue growth of 16.7%YoY, and an (adj.) EBITDA profit of just under £1.0m.**

Our Fair Value is also maintained at 26p/share.

Summary Financials

Yr to 30 Apr (£m)	2020	2021	2022	2023E	2024E
Revenue	13.12	10.35	12.06	18.00	21.00
EBITDA (adj)	(1.93)	(1.69)	(1.16)	(2.28)	0.91
Pre-Tax Profit (adj)	(5.80)	(6.28)	(6.03)	(8.06)	(5.17)
EPS (adj, p)	(1.16)	(1.48)	(1.11)	(1.59)	(0.90)
Net debt / (cash)	(3.84)	(7.40)	1.38	7.81	11.05

Source: Company data. Equity Development estimates. ¹US\$ contracts at current exchange rate. ² Inclusive of one 3-year contract. EPS data is non-dilutive.

Company Data

EPIC	KMK.L
Price (last close)	10.4p
52 weeks Hi/Lo	18.0p / 7.7p
Market cap	£44.8m
ED Fair Value / share	26p

Share Price, p



Source: LSE

Description

Kromek is a detection and advanced imaging specialist operating globally in the fields of advanced imaging and hazard detection (CBRN: chemical, biological, radiation and nuclear). Within the advanced imaging segment, medical imaging, including BMD (bone mineral density), CT (computer tomographic) and SPECT (single photon emission computer tomography), is particularly important, utilising Kromek's cadmium zinc telluride (CZT) materials technology.

Other key markets in advanced imaging include security screening and industrial imaging. Principally focused on radiation detection, CBRN also includes development of biohazard threat detection, including the presence of COVID-19.

Headquartered in Sedgefield the company has c.160 employees of whom over 100 are involved in R&D, and US operations in California and Pittsburgh. Kromek holds over 240 patents.

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H1 23 performance

The key features of H1 23 performance were:

- Revenue growth of 44.4%YoY to £6.785m, with the contribution from Product comprising 96.4% of total (H1 22: 80.4%) and R&D adding £0.246m (3.6%).
- Gross profit grew 24.3%YoY, with margin dilution from 46.8% a year earlier to 40.4% resulting from the impact of supply chain shortages on component prices.
- Operating costs increased 23.9%YoY to £7.952m (H1 22: £6.416m), resulting in an EBIT loss of £5.213m (adjusted basis, £5.093m loss) compared to a loss of £2.780m in H1 22 (adjusted basis, £2.749m). Kromek noted the impact of inflation-related salary costs, additional personnel and a 15%YoY increase in depreciation and amortisation charges to £2.427m. In addition, of the £1.536m increase in operating costs, £0.5m was attributable to sterling weakness against the US\$. We note, for example, a rate on 31 October 2021 of US\$1.117:GB£1.00 compared to US\$1.305:GB£1.00 a year earlier, a 14.4YoY% move. Costs comparison is also distorted by the contribution in H1 22 of £1.343m in other income from forgiveness of US Paycheck Protection Programme loans. Overall, excluding depreciation and amortisation, and adjusted for the impact of forex, we estimate that underlying operating costs increased 16.9%YoY from £4.297m in H1 22 to £5.025m in H1 23.
- The adjusted EBITDA loss was £2.666m (H1 22: £0.630m loss), the only adjustment being share-based payments of £0.120m in H1 22 and in H1 23.

Semi-annual results summary

Semi-annual (£m)	H1 21	H2 21	H1 22	H2 22	H1 23	YoY
Revenue	4.576	5.776	4.707	7.348	6.785	44.1%
Gross	2.493	2.513	2.204	3.432	2.739	24.3%
Margin	54.5%	43.5%	46.8%	46.7%	40.4%	
Other income	0.300	0.079	1.343	0.067	0.000	
Distribution	(0.128)	(0.159)	(0.273)	(0.278)	(0.319)	16.8%
Admin	(5.758)	(5.177)	(6.143)	(6.065)	(7.633)	24.3%
Sum Op-ex	(5.586)	(5.257)	(5.073)	(6.276)	(7.952)	56.8%
Op-ex excluding other income	(5.886)	(5.336)	(6.416)	(6.343)	(7.952)	23.9%
Amortisation	(1.279)	(1.080)	(1.265)	(1.304)	(1.465)	15.8%
Depreciation	(0.821)	(0.864)	(0.854)	(0.897)	(0.962)	12.6%
Op-ex excluding D&A	(3.786)	(3.392)	(4.297)	(4.142)	(5.525)	28.6%
Op-ex adjusted for forex			(4.297)		(5.025)	16.9%
EBIT Adjusted	(2.973)	(2.758)	(2.749)	(2.728)	(5.093)	
EBITDA Adjusted	(0.873)	(0.814)	(0.630)	(0.527)	(2.666)	
PBT Adjusted	(3.279)	(2.998)	(3.025)	(3.000)	(5.551)	
Net cash from operations	(1.890)	0.581	(2.213)	(1.317)	(4.026)	
Net OpFCF	(4.965)	(2.415)	(5.688)	(4.257)	(6.874)	
Net cash from financing	1.518	12.614	(0.628)	(0.938)	2.015	
Net change in cash	(3.447)	10.199	(6.316)	(5.195)	(4.859)	
Cash at period-end	5.810	15.602	10.243	5.081	0.956	
Net debt / (cash)	(1.554)	(7.399)	(3.453)	1.384	8.302	

Source: Company data. Equity Development estimates.

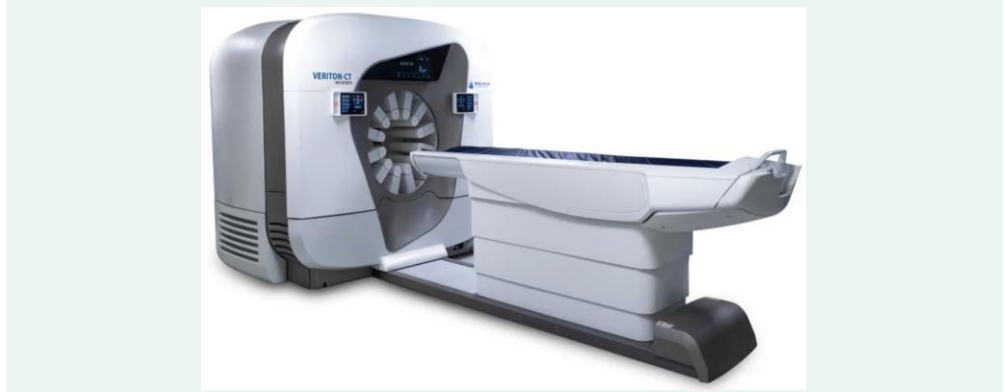
H1 23 contract awards and events

Summary of contracts, distribution agreements and fund raises

During the first half, Kromek announced a steady stream of contract awards, repeat orders and, notably, a major distribution agreement with **Smiths Detection Inc.**, - part of Smiths Group (SMIN.L) the £6.1bn market capitalised, global diversified industrial, aerospace, energy and security conglomerate.

- 25 May 2022.** Repeat order from the US Federal government – following the US\$1.6m September 2021 2-year contract - worth US\$0.695m for the D3S-ID wearable gamma neutron RIID (radioisotope identification device) detector.
- 7 July 2022.** Distribution agreement with Smiths Detection Inc., (www.smithsdetection.com) under which Smiths will distribute Kromek's Group's D3 and D5 series wearable radiation detection and identification solutions in North and South American markets. Smiths Detection recorded FY22 revenue of £655m (27.2% of Smiths Group total) and (adj.) operating profit of £73m.
- 2 August 2022.** Two orders worth US\$0.751m from OEM medical imaging customers, to be delivered within FY23, comprising US\$0.50m for the supply of detectors for bone mineral densitometry applications and US\$0.251m for CZT detectors in gamma probes for nuclear medical applications.
- 5 August 2022.** Fund raise of £1.7m in unsecured Loan Notes for working capital required to mitigate potential supply chain disruption. The Notes were priced at 15.0p, carry an 8.0% coupon, term 18 months, with an optional 3-month extension and dilution of 11.3m shares (2.6%).
- 23 August 2022.** Fund raise of £1.14m in unsecured Loan Notes to meet additional working capital requirements. The Notes were priced at 15.0p, carry an 8.0% coupon, with conversion on 22 February 2024 and dilution of 7.6m shares (1.76%). The issue takes the fund raise total to £2.814m.
- 17 October 2022.** Kromek customer Spectrum Dynamics Medical (www.spectrum-dynamics.com) - a subsidiary of Biosensors International Group Ltd. - introduced the world's first digital SPECT/CT scanner for higher energy imaging, using Kromek's digital detectors – the VERITON-CT 400 Series. As reported by Medical Device Network (17.10.2022): "Kromek's digital detectors, in combination with Spectrum's 360°, wide-bore SPECT/CT scanner and its image reconstruction algorithms, will help surge the energy range up to 400 keV for supporting the throughput demand of existing and new emerging nuclear medicine clinical applications. Spectrum Dynamics Medical CEO, Gilad Yoeli, noted: "The increased sensitivity, improved energy resolution, and broader energy range of Kromek's detector technology make it the right choice for the 400 Series and the advanced imaging and quantitative accuracy clinical users ask for."

Spectrum Dynamics Medical VERITON-CT 400 scanner



Source: Spectrum Dynamics Medical, Inc / PRNewswire.

Post-H1 contract awards and events

- 10 November 2022.** A repeat order contract worth US\$1.3m from a US customer for the Group's D3M wearable radiation detector, taking the contract total to US\$2.6m.
- 16 November 2022.** 3-year, £4.9m contract from a UK Government department to develop and supply biological threat detection systems. There is an option to add maintenance services.
- 12 December 2022.** Two contracts totalling £1.5m - commencing immediately with revenue within FY23 - for D3M and D3S-based nuclear security.
- 19 December 2022.** Expansion of distribution agreement with Smiths Detection Inc., to market and distribute Kromek's wearable radiation detection and identification solutions in the Middle East and specific markets in Asia and Australasia. Kromek reported delivery of over 1,400 detectors under distribution partnership with Smiths Detection since announced in July 2022.
- 9 January 2023.** Repeat order, worth US\$0.8m, from a US government customer for the D3S ID wearable nuclear radiation detector, with delivery and revenue recognition expected within FY23. Kromek notes that the D3S ID can detect within seconds "radiological threats like dirty bombs, radioactive contamination, smuggling of radioactive substances and radiation at the scene of an accident or terrorist attack".

The announcement was particularly relevant given the 29 December 2022 incident at Heathrow Airport (see later on p7).

Summary of contracts awarded, FY23 to date

Date	US\$m	£m	
23-May-22	0.695	0.564	repeat order
02-Aug-22	0.751	0.609	OEM Medical Imaging
Sum	1.446	1.173	
10-Nov-22	1.300	1.055	repeat order
16-Nov-22		4.900	3-year term
12-Dec-22		1.500	CBRN
09-Jan-23	0.800	0.649	repeat order
Sum	2.100	8.104	

Source: Company data. Equity Development estimates. US\$1.232:GB£1.00.

Advanced Imaging segment

We estimate that the Advanced Imaging segment contributed **H1 23 revenue of £3.4m**, 49.9% of total; compared to an estimated £4.6m in FY22, 38% of total revenue.

Medical imaging

Kromek highlights introduction, announced on 17 October 2022, of Spectrum Dynamics Medical's (www.spectrum-dynamics.com) VERITON-CT 400 scanner, the world's first digital SPECT/CT scanner for higher energy imaging, using Kromek's digital detectors. Kromek also noted two new medical imaging orders totalling US\$751m (£0.609m), for bone mineral densitometry applications and gamma probe nuclear medical implementation.

Security and industrial screening systems

Kromek reported ongoing delivery under its current component supply agreements, with the addition of a new OEM customer.

Advanced Imaging segment FY 23 outlook

For FY23 we estimate revenue of £7.9m +72%YoY comprising:

- Medical imaging, £6.4m +56%YoY (81% of divisional total).
- Security screening, £0.5m, +1.5x.
- Industrial screening, £1.0m +2.3x (boosted by the US OEM contract).

Advanced imaging divisional revenue, FY23 outlook

£m	FY22	FY23E	YoY
Medical imaging	4.1	6.4	56%
Security screening	0.2	0.5	1.5x
Ind. screening	0.3	1.0	2.3x
Advanced imaging	4.6	7.9	72%

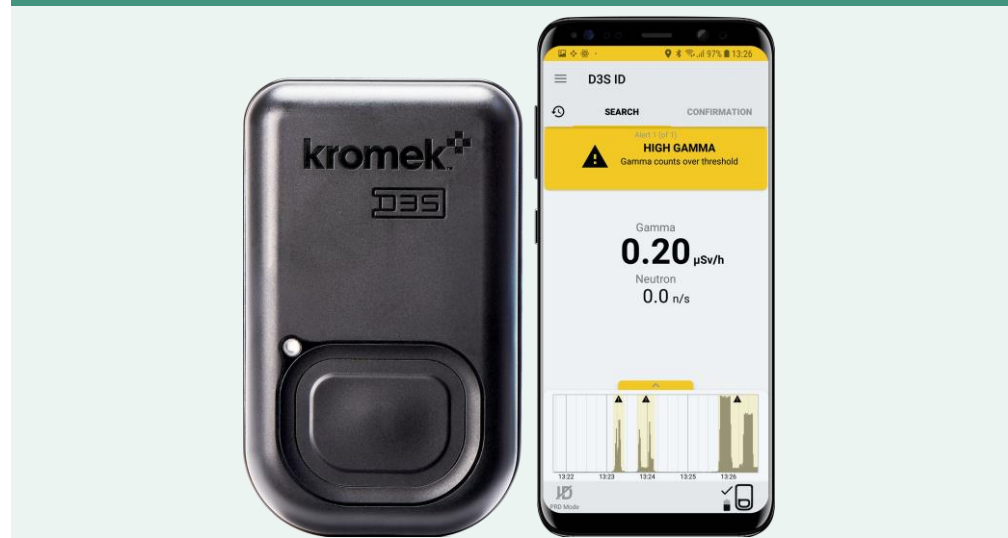
Source: Company data, Equity Development estimates.

CBRN Detection segment

We estimate that the CBRN segment contributed H1 23 revenue of £3.2m, 46.5% of total; compared to an estimated £5.4m in FY22 (nuclear security devices, £4.4m; civil nuclear detection devices, £1.0m).

Kromek reported strong demand for its core D3 and D5 radiation detection device ranges, including a D3M order worth US\$1.3m and a D3S-ID order for US\$0.695m from US customers, with the addition post period-end, of two D3M and D3S contracts totalling £1.5m. Illustrated below is the D3S ID standalone wearable isotope (gamma and neutron) detection device and Bluetooth Launch-enabled Android mobile for data readout, analysis and transmission.

D3S ID and Android-based analytics devices



Source: Company data. https://www.kromek.com/product/d3s_riid.

Kromek announced in July a major distribution agreement with Smiths Detection Inc., for D3 and D5 series devices in America North and South American markets, subsequently expanded, post period-end in December to include the Middle East, and markets in Asia and Australasia.

Biological threat detection

The Group reported ongoing participation in a range of bio-security programmes including a networked detection system for US DARPA, and development of automated (and autonomous) detection of airborne pathogens. Post period-end, Kromek received a major UK government 3-year contract worth £4.9m for the development of biological threat-detection systems.

CBRN Detection segment FY 23 outlook

For FY23 we estimate revenue of £7.7m +41%YoY comprising: nuclear security, £6.6m +51%YoY; civil nuclear detection, £1.1m, +10%YoY.

CBRN detection division revenue, FY23 outlook

£m	FY22	FY23E	YoY
Nuclear security	4.4	6.6	51%
Civil nuclear	1.0	1.1	10%
CBRN	5.4	7.7	41%

Source: Company data, Equity Development estimates.

R&D income

For FY23 our outlook for income derived from R&D is £2.4m, implying the addition of £2.1m in H2.

Geopolitical risk – terrorist threat remains high

Kromek's high-level relationship with government agencies underlines relevance of ongoing geopolitical risks and events to its CBRN initiatives and operations.

We have previously highlighted the BlackRock Global Investment Institute report on the global risk landscape - and its particular impact on investment strategy - as a relevant overview of key threats. In its latest December 2022 assessment, BlackRock's 'Geopolitical Risk Dashboard' places Terrorism at No.4 amongst ten Geopolitical Risk Indicators which, as illustrated below, are at a level not surpassed in the prior half decade:

- No.1, **Technology risk: "high"** - global technology 'decoupling' resulting from strategic competition between the US and China, and the perception of US vulnerability to dependency on Chinese technology or porosity of strategic communications; evident in the US CHIPS and Science Act.
- No 2, **Cyber risk: "high"**, where Blackrock sees "the likelihood of cyber-attacks increasing as the Russia-Ukraine conflict persists. Critical government and private sector networks as well as infrastructure are vulnerable to hacking and spying ... Repeated attacks could cause significant damage and disruption that could spill over to financial markets and the economy".
- No.3, **Ukraine risk: "high"**, in the form of a potential Russia-NATO confrontation threatening "an extended conflict".
- No.4, **Terrorism risk: "high"**. BlackRock notes: "The U.S. administration has underscored the growing risk of domestic terrorism, calling it the most serious and persistent terrorist threat to the homeland. We see the threat increasing amid a more polarized U.S. political environment".



Source: BlackRock Investment Institute Geopolitical Risk Dashboard December 2022.

Heathrow incident

Recently-reported events which highlight BlackRock's assessment include, on 29 December 2022, the interception at London Heathrow Airport of a shipment of "scrap metal" containing a "very small sample" of radioactive uranium. This led the UK government to highlight the efficiency and effectiveness of its "24/7" monitoring systems.

There remained speculation that the incident may have uncovered a rehearsal designed to test such systems.

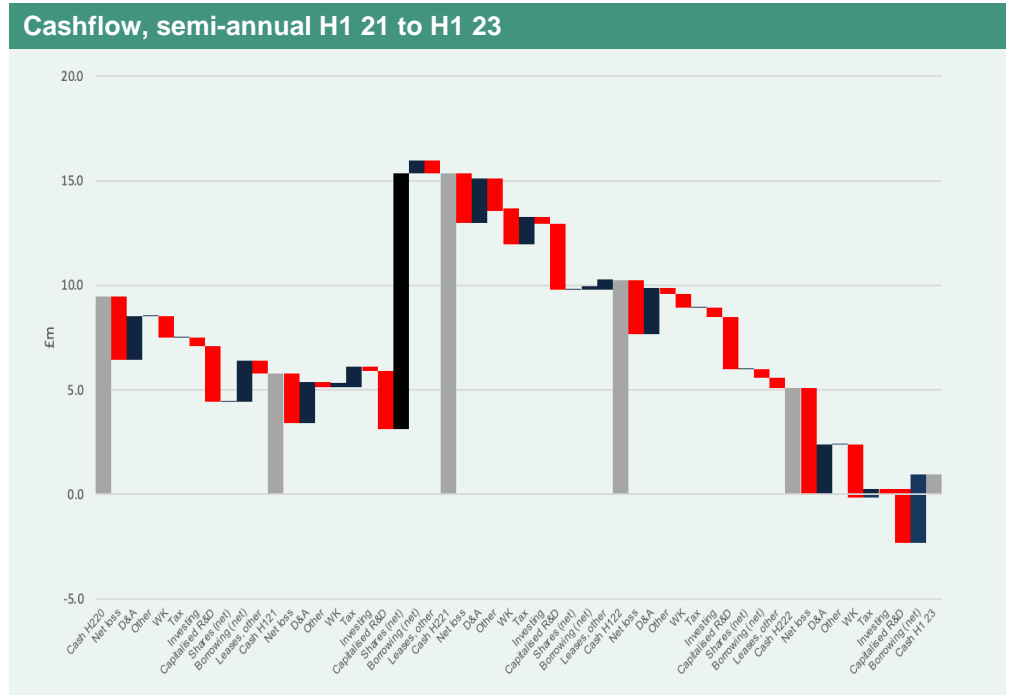
Cashflow

The cash position of £0.956m at 31 October 2022 resulted from:

- Operating cashflow, net of operating loss and depreciation and amortisation, and adjusted for share-based payments, of £(2.666)m.
- A £(2.555)m change in working capital – with payables and deferred income reduced by £1.929m - and £1.195m tax contribution resulting in cash from operations of £(4.026)m. In response to pressure on the availability of components, inventory at £10.866m remained close to year-end FY22 levels (£10.503m), but included £0.6m resulting from US\$:GB£ exchange rate appreciation.
- Capitalised R&D (£2.580m) and investments totalling £2.848m, resulting in net operating free cashflow of £(6.874)m.
- The two fund raises in August - £1.7m and £1.14m – contributed to increase in borrowings of, net, £2.79m. Adding a foreign exchange adjustment of £0.629m contributed to an overall change in cash of £(4.13)m over the period, from £5.081m to £0.956m, as illustrated below.

FY23 outlook

Our outlook indicates a year-end FY23 cash position of £1.5m, with net debt at £7.8m.



Source: Company data, Equity Development estimates.

Review of lending facilities

Kromek reports that H1 bank borrowings of £5.69m remain at a level similar to FY 22 (£5.72m), and is currently working towards a refinancing of bank facilities of £5.0m in the near-term.

FINANCIALS

Summary P&L

Profit & Loss FY21 – FY24E						
Year-end Apr 30, £m	FY21	FY22	H1 23	H2 23E	FY23E	FY24E
Advanced Imaging		4.60	3.38	4.52	7.91	9.89
CBRN		5.40	3.16	4.57	7.73	9.14
R&D Projects		2.06	0.25	2.12	2.37	1.97
Revenue	10.35	12.06	6.79	11.22	18.00	21.00
Gross	5.01	5.64	2.74	5.72	8.46	9.93
<i>Margin</i>	<i>48.4%</i>	<i>46.8%</i>	<i>40.4%</i>	<i>51.0%</i>	<i>47.0%</i>	<i>47.3%</i>
COGS	(5.35)	(6.42)	(4.05)	(5.50)	(9.54)	(11.07)
Other income	0.38	1.41	0.00	0.00	0.00	0.00
Distribution	(0.29)	(0.55)	(0.32)	(0.27)	(0.59)	(0.64)
Admin	(10.94)	(12.21)	(7.63)	(7.57)	(15.20)	(13.85)
Sum Op-ex	(10.84)	(11.35)	(7.95)	(7.84)	(15.79)	(14.48)
Exceptional items	0.05	0.13	0.00	0.00	0.00	0.00
EBIT Reported	(5.79)	(5.58)	(5.21)	(2.12)	(7.33)	(4.55)
EBIT Adjusted	(5.73)	(5.48)	(5.09)	(2.00)	(7.09)	(4.31)
Amortisation	(2.36)	(2.57)	(1.47)	(1.43)	(2.89)	(3.20)
Depreciation	(1.69)	(1.75)	(0.96)	(0.95)	(1.92)	(2.03)
EBITDA Reported	(1.74)	(1.26)	(2.79)	0.26	(2.52)	0.67
EBITDA Adjusted	(1.69)	(1.16)	(2.67)	0.38	(2.28)	0.91
Financial income	0.00	0.03	0.00	0.00	0.00	0.00
Financial expense	(0.55)	(0.58)	(0.46)	(0.51)	(0.97)	(0.86)
PBT Reported	(6.33)	(6.13)	(5.67)	(2.63)	(8.30)	(5.41)
PBT Adjusted	(6.28)	(6.03)	(5.55)	(2.51)	(8.06)	(5.17)
Tax	0.98	1.21	0.60	0.60	1.20	1.30
PAT Reported	(5.35)	(4.92)	(5.07)	(2.03)	(7.10)	(4.11)
PAT Adjusted	(5.30)	(4.81)	(4.95)	(1.91)	(6.86)	(3.87)
Basic wtd. av. shares	358.9	431.9	431.9	431.9	431.9	431.9
Diluted wtd. av. shares	359.3	432.2	432.2	451.1	451.1	451.1
EPS Reported Basic (p)	(1.5)	(1.1)	(1.2)	(0.5)	(1.6)	(1.0)
EPS Adjusted Basic (p)	(1.5)	(1.1)	(1.1)	(0.4)	(1.6)	(0.9)

Source: Company data. Equity Development estimates. Diluted basis EPS not reported.

Summary balance sheet

Balance sheet FY21 – FY24E						
Year-end Apr 30, £m	FY21	FY22	H1 23	H2 23E	FY23E	FY24E
Goodwill net	1.28	1.28	1.28	1.28	1.28	1.28
Intangible assets	24.14	28.38	30.54	30.54	30.54	31.81
PPE net	11.20	10.94	10.80	9.76	9.76	8.34
RoU net	4.08	3.87	4.26	3.46	3.46	3.01
Fixed Assets	40.70	44.47	46.87	45.03	45.03	44.43
Inventories	6.20	10.50	10.87	8.14	8.14	7.02
Trade receivables	6.64	6.43	6.69	7.40	7.40	8.05
Tax assets	1.02	0.94	0.35	1.20	1.20	1.30
Cash, Equivalents	15.60	5.08	0.96	1.45	1.45	1.37
Current Assets	29.46	22.96	18.86	18.19	18.19	17.74
Total Assets	70.16	67.42	65.74	63.22	63.22	62.17
Trade payables	(6.17)	(7.86)	(5.99)	(7.87)	(7.87)	(8.63)
Borrowings	(5.39)	(5.72)	(5.69)	(8.53)	(8.53)	(0.69)
Leases	(0.40)	(0.38)	(0.41)	(0.41)	(0.41)	(0.41)
Current Liabilities	(11.96)	(13.95)	(12.09)	(16.81)	(16.81)	(9.74)
Total Assets less Current Liabilities	58.20	53.48	53.64	46.41	46.41	52.43
Deferred income	(1.07)	(1.13)	(1.07)	(0.80)	(0.80)	(0.40)
Leases	(4.26)	(4.16)	(4.51)	(3.46)	(3.46)	(2.76)
Borrowings	(2.82)	(0.75)	(3.57)	(0.73)	(0.73)	(11.73)
Long-term liabilities	(8.14)	(6.04)	(9.14)	(4.99)	(4.99)	(14.89)
Total liabilities	(20.10)	(19.99)	(21.23)	(21.80)	(21.80)	(24.62)
Net Assets	50.06	47.44	44.50	41.42	41.42	37.55
Share Capital	4.32	4.32	4.32	4.32	4.32	4.32
Share Premium	72.94	72.94	72.94	72.94	72.94	72.94
Capital redemption reserve	21.85	21.85	21.85	21.85	21.85	21.85
Translation reserve	0.00	2.06	4.08	3.15	3.15	4.69
Accumulated losses	(49.06)	(53.74)	(58.69)	(60.84)	(60.84)	(66.25)
Equity	50.06	47.44	44.50	41.42	41.42	37.55
Net debt / (cash)	(7.40)	1.38	8.30	7.81	7.81	11.05

Source: Company data. Equity Development estimates.

Summary cashflow

Cashflow FY21 – FY24E						
Year-end Apr 30, £m	FY21	FY22	H1 23	H2 23E	FY23E	FY24E
Net profit/loss	(5.35)	(4.92)	(5.07)	(2.03)	(7.10)	(4.11)
Finance (net)	0.55	0.55	0.46	0.51	0.97	0.86
Tax	(0.98)	(1.21)	(0.60)	(0.60)	(1.20)	(1.30)
Amortisation	2.36	2.57	1.47	1.43	2.89	3.20
Depreciation	1.69	1.75	0.96	0.95	1.92	2.03
Share-based payment	0.14	0.24	0.12	0.12	0.24	0.24
Other non-cash	0.08	(1.44)	0.00	0.00	0.00	0.00
Operating Cash Flow	(1.52)	(2.47)	(2.67)	0.38	(2.28)	0.91
Working capital						
(Increase)/Decrease inventories	0.21	(4.30)	(0.36)	2.73	2.37	1.12
(Increase)/Decrease in receivables	1.57	0.22	(0.26)	(0.71)	(0.97)	(0.66)
Increase/(Decrease) in payables	(2.57)	1.74	(1.93)	1.61	(0.32)	0.36
Change working capital	(0.79)	(2.35)	(2.56)	3.63	1.08	0.82
Cash from operations	(2.31)	(4.81)	(5.22)	4.02	(1.21)	1.74
Tax (paid)/received	1.01	1.28	1.20	0.00	1.20	1.20
Net cash from operations	(1.31)	(3.53)	(4.03)	4.02	(0.01)	2.94
Investing activities						
Investments	0.00	0.00	0.00	0.00	0.00	0.00
Interest	0.00	0.03	0.00	0.00	0.00	0.00
PPE	(0.45)	(0.65)	(0.19)	(0.06)	(0.25)	(0.10)
Other intangibles	0.00	0.00	(0.04)	(0.02)	(0.06)	(0.06)
ROU	(0.16)	(0.18)	(0.04)	(0.02)	(0.06)	(0.06)
Capitalised R&D	(5.46)	(5.62)	(2.58)	(2.42)	(5.00)	(4.40)
Net cash used in investing	(6.07)	(6.42)	(2.85)	(2.52)	(5.37)	(4.62)
Net OpFCF	(7.38)	(9.95)	(6.87)	1.49	(5.38)	(1.68)
Financing activities						
Shares (net)	12.22	0.00	0.00	0.00	0.00	0.00
Borrowings short-term	0.00	0.00	0.50	2.84	3.34	0.00
Borrowings short-term repaid	0.00	0.00	(0.52)	0.00	(0.52)	(7.84)
Borrowings long-term	3.22	0.76	3.34	(2.84)	0.50	11.00
Borrowings long-term repaid	(0.60)	(1.34)	(0.52)	0.00	(0.52)	0.00
Leases	(0.40)	(0.65)	(0.35)	(0.35)	(0.70)	(0.70)
Interest	(0.31)	(0.34)	(0.33)	(0.64)	(0.97)	(0.86)
Net cash from financing	14.13	(1.57)	2.12	(1.00)	1.12	1.60
Net change in cash	6.75	(11.51)	(4.75)	0.50	(4.26)	(0.08)
Cash at start of year	9.44	15.60	5.08	0.96	5.08	1.45
Forex	(0.59)	0.99	0.63	0.00	0.63	0.00
Cash at period-end	15.60	5.08	0.96	1.45	1.45	1.37
Net debt / (cash)	(7.40)	1.38	8.30	7.81	7.81	11.05

Source: Company data. Equity Development estimates.



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