

5 August 2022

## FY22 results and a highly visible outlook

For the year to 30 April 2022 Kromek reported results in line with the Trading Update of 16 May: revenue of £12.055m, +16.5%YoY, and an EBITDA (adj.) loss of £1.157m. The year-end cash position was £5.081m, as indicated in the update (FY21: £15.6m).

### Divisional performance

We estimate revenue in the Advanced Imaging division grew 28%YoY to £4.6m, whilst the CBRN segment grew 1.5x to £5.4m. The balance shifted towards revenue from Products, comprising 83% of total (FY21: 56%), rather than R&D-related income.

### FY23 outlook – increased revenue visibility in an uncertain world

For the current financial year, Kromek reports that it expects growth to accelerate in both its core segments – security-related CBRN and advanced imaging – with the prospect of “a **substantial year-on-year increase in revenue**”. The CBRN segment in particular has seen an increase in interest from government agencies, as current levels of geopolitical instability would indicate, whilst the global security uncertainties which Kromek’s CBRN technology addresses are unlikely to diminish soon. In July, for example, the BlackRock Investment Institute raised its Geopolitical Risk Indicator to ‘high’, including the war in Ukraine and increased Sino-US tensions as risks with a likely ‘*long-lasting*’ impact.

### Strong order book

For the current year the Group reports 53% of contracts sealed, with a further 37% under negotiation and 10% underpinned as repeat business. Kromek also announced two new orders worth a total of US\$0.751m: a US\$0.5m medical imaging order from an established customer for detectors used in bone mineral densitometry diagnosis, and a US\$0.251m order from a US medical imaging customer for CZT detectors used in gamma probes – where repeat orders are also expected.

### Forecasts and valuation

**Our FY23 outlook remains, at this stage, unchanged**, at £18.0m revenue, +49%YoY (E), an EBITDA (adj.) of £0.3m, and a reduced EBIT loss of (£4.3m) vs FY22: (£5.5m). For FY23 we estimate revenue in the Advanced Imaging division of £7.5m, +63%YoY, and CBRN at £7.5m, +39%YoY.

### Convertible fund raise

On August 5<sup>th</sup> Kromek announced a fund raise of £1.7m through the issue of convertible loan notes **priced at 15p/share** (30% premium to 4 August close), providing additional cashflow headroom.

**Similarly, our Fair Value is also maintained at 26p/share.**

### Summary Financials

Yr to 30 Apr (£m)	2020	2021	2022	2023E
Revenue	13.12	10.35	12.06	18.0
EBITDA (adj)	(1.93)	(1.69)	(1.16)	0.3
Pre-Tax Profit (adj)	(5.80)	(6.28)	(6.03)	(4.9)
EPS (adj, p)	(1.16)	(1.47)	(1.11)	(0.8)
Net debt / (cash)	(3.84)	(7.40)	1.38	3.0

Source: Company data. Equity Development estimates.

### Company Data

EPIC	KMK.L
Price (last close)	11p
52 weeks Hi/Lo (p)	21 / 8
Market cap	£49.0m
ED Fair Value / share	26p

### Share Price, p



Source: ADVFN

### 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 (NE UK), the company has c.160 employees of whom over 100 are involved in R&D, with two US operations (California and Pittsburgh). Kromek has filed or registered over 280 patents.

### Mike Jeremy (Analyst)

0207 065 2690  
[mike.jeremy@equitydevelopment.co.uk](mailto:mike.jeremy@equitydevelopment.co.uk)

### Andy Edmond

0207 065 2691  
[andy@equitydevelopment.co.uk](mailto:andy@equitydevelopment.co.uk)

## FY22 performance

The key features of FY22 performance were:

- Within overall revenue growth of 16.5%YoY a shift towards product sales +70.2%YoY, which, at £9.935m comprised 82% of total (FY21 56%).
- Gross margin stability, at 46.8% for the year (H1: 46.8%, H2 46.7%), compared to FY21 at 48.4%.
- Adjusted EBITDA loss of £1.157m (£1.22m E), reduced from £1.687m loss a year earlier. The loss at EBIT level (adj.) was £(5.477)m (FY21: (5.731)m).
- Year-end cash of £5.081m (FY21: £15.602m), with net debt of £1.384m (FY21: £7.399 net cash).

### FY22 results summary

Year to 30 Apr (£m)	FY20	FY21	FY22	22 YoY		
Revenue	13.12	10.35	12.06	16.5%		
Gross	6.21	5.01	5.64	12.6%		
<i>Margin</i>	47.3%	48.4%	46.8%	-1.6%		
EBIT Adjusted	(5.26)	(5.73)	(5.48)			
EBITDA Adjusted	(1.93)	(1.69)	(1.16)			
PBT Adjusted	(5.80)	(6.28)	(6.03)			
Net cash from operations	0.18	(1.31)	(3.53)			
Net OpFCF	(10.98)	(7.38)	(9.95)			
Net cash from financing	(0.91)	14.13	(1.57)			
Net change in cash	(11.88)	6.75	(11.51)			
Cash at period-end	9.44	15.60	5.08			
Net cash/(debt)	3.84	7.40	(1.38)			
Current Assets	25.10	29.46	22.96			
Current Liabilities	(12.79)	(11.96)	(13.95)			
Net Assets	45.07	50.06	47.44			
<b>Semi-annual (£m)</b>	<b>H1 21</b>	<b>H2 21</b>	<b>H1 22</b>	<b>H2 22</b>	<b>H1 22</b>	<b>H2 22</b>
Revenue	4.58	5.78	4.71	7.35	2.9%	27.2%
Gross	2.49	2.51	2.20	3.43		
<i>Margin</i>	54.5%	43.5%	46.8%	46.7%		
EBIT Adjusted	(2.97)	(2.76)	(2.75)	(2.73)	0.22	0.03
EBITDA Adjusted	(0.87)	(0.81)	(0.63)	(0.53)	0.24	0.29
PBT Adjusted	(3.28)	(3.00)	(3.03)	(3.00)	0.25	(0.00)
Net cash from operations	(1.89)	0.58	(2.21)	(1.32)	(0.32)	(1.90)
Net OpFCF	(4.97)	(2.42)	(5.69)	(4.26)	(0.72)	(1.84)
Net cash from financing	1.52	12.61	(0.63)	(0.94)	(2.15)	(13.55)
Net change in cash	(3.45)	10.20	(6.32)	(5.20)	(2.87)	(15.39)
Cash at period-end	5.81	15.60	10.24	5.08	4.43	(10.52)
Net cash/(debt)	1.55	7.40	3.45	(1.38)	1.90	(8.78)

Source: Company data. Equity Development estimates.

The Group recorded £1.41m of additional income ('Other') resulting from the forgiveness of US\$1.8m of US Paycheck Protection Programme (PPP) loans, and from grants under the UK Coronavirus Job Retention Scheme.

## Divisional performance

As shown below, Kromek reports revenue by end customer market and also primary business units: in the UK (Kromek Group plc and Kromek Ltd.), and US (Kromek Inc., eV Products Inc, and Nova R&D Inc.). We also estimate product revenue by type: Advanced Imaging, CBRN and R&D-related.

The stand-out features of FY22 divisional performance were:

- A notable increase in demand across all products, but notably in the CBRN division (estimated), +1.5x.
- A shift towards Product shipment, +70%YoY, with R&D declining from 44% of FY21 revenue to 18%.

### FY21 – 22 performance by product category

£'000	FY21	FY22	YoY change
Product	5,836	9,935	70.2%
R&D	4,516	2,120	-53.1%
<b>Sum</b>	<b>10,352</b>	<b>12,055</b>	<b>16.5%</b>
Product	56.4%	82.4%	
R&D	43.6%	17.6%	
<b>Operations location</b>			
UK	5,640	5,345	-5.2%
US	4,712	6,710	42.4%
<b>Sum</b>	<b>10,352</b>	<b>12,055</b>	<b>16.5%</b>
UK	54.5%	44.3%	
US	45.5%	55.7%	
<b>End user market</b>			
UK	1,627	2,033	25.0%
N America	5,693	5,807	2.0%
Europe	2,387	2,601	9.0%
Asia, Australasia	645	1,614	150.2%
<b>Sum</b>	<b>10,352</b>	<b>12,055</b>	
<b>Product (£m) (ED estimates)</b>			
Advanced Imaging	3.6	4.6	28%
CBRN	2.2	5.4	145%
R&D Projects	4.5	2.1	-53%
<b>Sum</b>	<b>10.3</b>	<b>12.1</b>	<b>17%</b>

Source: Company data, Equity Development estimates

## Advanced Imaging division

At £4.6m (ED estimate) the Advanced Imaging segment comprised an estimated 38% of FY22 revenue, +28%YoY. Of this we estimate medical imaging comprised £4.1m - CZT detector platforms for SPECT, MBI, BMD and CT<sup>1</sup> diagnostic systems – with a £0.5m contribution from components and equipment for security and industrial screening systems.

### Medical imaging

Of FY22 medical imaging sales we estimate that £2.2m was derived from ongoing delivery of the H2 19 US\$58.1m 7-year OEM contract for CZT components for SPECT systems. Kromek also noted delivery of a US\$0.6m H2 21 order from an additional specialist SPECT customer.

There was a significant increase in medical imaging business activity as the impact of COVID-19 restrictions began to ease, notably in the key target markets CT and SPECT, and Kromek reported development engagement with **three new OEM customers** for the supply of CZT-based detectors.

### Security and industrial screening systems

We estimate that security screening comprised £0.2m of FY22 divisional total, and industrial screening £0.3m. Kromek's components and equipment for OEM and government security screening systems are deployed primarily in airports. FY22 saw completion of a 2-year US\$1.6m project funded by the US Department of Homeland Security for a CZT-based detector and the addition of two new commercial development engagements.

Similarly, Kromek provides CZT-based detector components for use in screening for contaminants and quality control in industrial production processes. Kromek also received a US\$0.25m order from a US defence and aerospace customer, again for detectors for in-line quality control screening.

### Advanced imaging division FY 23 outlook

For FY23 we estimate revenue of £7.5m +63%YoY comprising:

- Medical imaging, £6.0m +46%YoY (80% 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, FY22 and FY23 outlook

£m	FY22	FY23E	YoY
Medical imaging	4.1	6.0	46%
Security screening	0.2	0.5	1.5x
Ind. screening	0.3	1.0	2.3x
<b>Advanced imaging</b>	<b>4.6</b>	<b>7.5</b>	<b>63%</b>

Source: Company data, Equity Development estimates

<sup>1</sup> SPECT: single photon emission computed tomography. MBI: molecular beast imaging. BMD: bone mineral densitometry. CT: computed tomography.

## CBRN detection division

At an estimated £5.4m, FY22 CBRN revenue rose 1.4x YoY, comprising nuclear security devices at £4.4m and civil nuclear detection devices at £1.0m. The division also includes the development of bio-security hazard detection systems.

### Nuclear security

As we have noted, a key feature of Kromek's leading D3S and D5 radiation detection devices is their compact and robust format suitable as a wearable addition to the range of equipment required in security operations, for example in the detection of radiation from terrorist 'dirty bombs'. FY22 revenue and expected FY23 developments include: a US Federal contract for D3S-ID wearable radiation detectors worth up to US\$1.6m over two years, including a Q422 repeat order worth US\$0.3m and, post year-end an additional order worth US\$0.695m; European Commission D3S-ID repeat orders; FY22 orders for D5 RIID radiation detectors, including £0.173m from a UK government agency and orders from two new customers; at FY22 year-end, a UK government 4-year contract worth £1.7m for CBRN products and services.

Post period-end, on 7 July, Kromek announced an agreement with specialist in threat detection and security screening technologies Smiths Detection Inc., ([www.smithsdetection.com](http://www.smithsdetection.com)), to distribute Kromek's D3 and D5 wearable radiation detection equipment and identification solutions in North and South American markets.

### Civil nuclear detection

Kromek won a total of 32 new customers during FY22 compared to 24 in FY21. Developments included an ongoing development and supply contract worth US\$0.96m, awarded in FY21, with completion of the development phase in 2021 progressing to validation and supply stages in FY23.

### CBRN detection division FY 23 outlook

For FY23 we estimate revenue of £7.5m +39%YoY comprising: nuclear security, £6.4m +45%YoY; civil nuclear detection, £1.1m, +10%YoY.

#### CBRN detection division revenue, FY22 and FY23 outlook

£m	FY22	FY23E	YoY
Nuclear security	4.4	6.4	45%
Civil nuclear	1.0	1.1	10%
<b>CBRN</b>	<b>5.4</b>	<b>7.5</b>	<b>39%</b>

Source: Company data, Equity Development estimates

### Biohazard detection

Kromek continues its work, initiated in H219, with US DARPA to develop a mobile, automated, detection system to identify airborne pathogens including COVID-19 (KCAPscan). In FY22 Kromek received a US\$6m contract for the next phase of development, bringing total funding to date to US\$13m. FY22 saw completion of several successful pilot trials of the automated genomic sequencing system in the UK and US. A similar programme funded by Innovate UK was successfully trialled at a number of sites and has progressed to pre-production. The development of a bio-hazard detection system to complement Kromek's established presence in radiological detection has **significant medium-term potential** once progressed to commercial deployment. We expect these projects to contribute £3.0m in R&D revenue in FY23.

## Heightened geopolitical risk – BlackRock indicator

Kromek has established customers amongst government agencies and a number of joint development projects underway notably with the US Defence Advanced Research Projects Agency (DARPA) and UK government agencies.

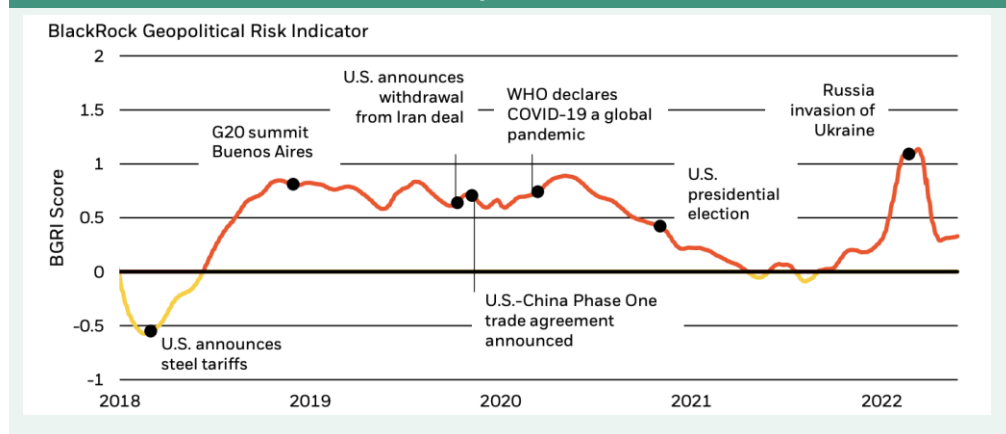
Recent geopolitical developments have added to threats which hitherto prioritised terrorism. As observers such as BlackRock have noted, these threats are unlikely to dissipate in the near term.

In July the BlackRock Investment Institute raised its Geopolitical Risk Indicator – a data-driven market attention assessment derived from analysis of 68 'risk events' recorded since 1962 – to 'high'. BlackRock summarises its outlook (ED emphasis):

- “The Russian invasion of Ukraine is the most serious security situation and humanitarian crisis in Europe since WWII, in our view. It’s also the most dangerous standoff between the U.S. and Russia since the Cuban Missile Crisis. Our BlackRock Geopolitical Risk Indicator is hovering at heightened levels, **meaning markets are focused on political risks**. Geopolitical events typically have a modest and short-lived impact on markets and economies. Our analysis of 68 risk events since 1962 shows that.*

*The Ukraine crisis is different. The war is having a direct and likely lasting effect, we believe, in large part because of its upward pressure on commodities prices. De-globalization is poised to accelerate amid Russia’s increased isolation from the global economy, ongoing sanctions and export controls, and a push for self-reliance and diversifying supply chains. The Ukraine war is also likely to deepen fragmentation and the emergence of blocs. U.S.-China tensions and China’s position with the West will likely deteriorate, in our view.”*

### BlackRock Investment Institute Geopolitical Risk Dashboard



Source: BlackRock Geopolitical Risk Dashboard July 2022

Recent events which may be in this risk assessment include:

- The invasion of Ukraine by Russia's on 24 February.
- The reaction of the government The People's Republic of China to the visit to Taiwan of the US Senate Speaker, Nancy Pelosi, on 2 August.
- Heightened terror-related alert following the death of al-Qaeda leader Ayman al-Zawahiri in a US drone strike on 31 July.

## Cashflow

A key feature of FY22 cashflow was inventory build, at £1.13m in H1 and £3.17m in H2, i.e. £4.3m for the year compared to £3.2m in FY21. As Kromek noted in the May update, the shipment of £2.9m of product was delayed due to the shortage of key components, a situation being resolved in the current half. Consequently, cashflow from operations was £(4.813)m compared to £(2.314)m a year earlier. The net change in cash for the year was £(10.5)m (net of forex). Kromek reduced debt by (net) £0.58m to £6.47m, 13.6% of Equity. Net debt closed the year at £1.384m.

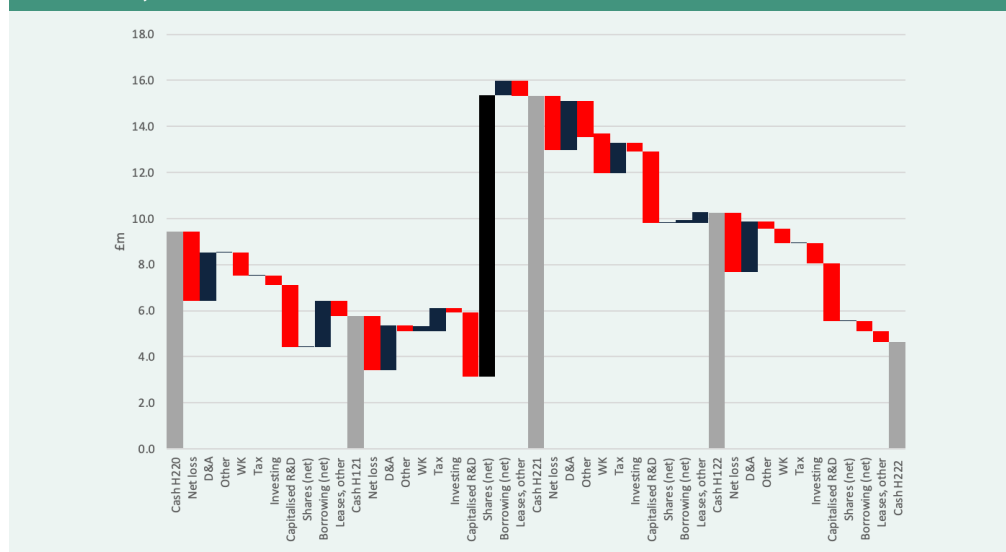
### Cashflow, semi-annual H1 21 to H2 22

Cashflow Year to 30 Apr (£'000)	FY21	H1 22	H2 22	FY22
Net profit/loss	(5,353)	(2,349)	(2,569)	(4,918)
Operating Cash Flow	(1,523)	(1,794)	(674)	(2,468)
Change working capital	(791)	(1,719)	(626)	(2,345)
<b>Cash from operations</b>	<b>(2,314)</b>	<b>(3,513)</b>	<b>(1,300)</b>	<b>(4,813)</b>
Tax (paid)/received	1,005	1,300	(17)	1,283
Net cash from operations	(1,309)	(2,213)	(1,317)	(3,530)
PPE/RoU	(454)	(260)	(391)	(651)
Capitalised R&D	(5,463)	(3,125)	(2,494)	(5,619)
Net cash used in investing	(6,071)	(3,475)	(2,940)	(6,415)
<b>Net OpFCF</b>	<b>(7,380)</b>	<b>(5,688)</b>	<b>(4,257)</b>	<b>(9,945)</b>
Net cash from financing	14,132	(628)	(938)	(1,566)
Net change in cash	6,752	(6,316)	(5,195)	(11,511)
Cash at start of year	9,444	15,602	10,243	15,602
Forex	(594)	957	33	990
Cash at period-end	15,602	10,243	5,081	5,081
Net cash/(debt)	(7,399)	(3,453)	1,384	1,384

Source: Company data, Equity Development estimates

The following chart shows the semi-annual components of cashflow to H2 22.

### Cashflow, semi-annual H1 21 to H2 22



Source: Company data, Equity Development estimates

## FINANCIALS

### Summary P&L

Profit & Loss FY21 – FY23E					
Year to Apr 30, £m	FY21	H1 22	H2 22	FY22	FY23E
<b>Revenue</b>	<b>10.4</b>	<b>4.7</b>	<b>7.3</b>	<b>12.1</b>	<b>18.0</b>
Gross	5.0	2.2	3.4	5.6	9.0
	<i>Margin</i>	<i>48.4%</i>	<i>46.8%</i>	<i>46.7%</i>	<i>46.8%</i>
COGS	(5,346)	(2,503)	(3,916)	(6,419)	(9,000)
Other income	0.4	1.3	0.1	1.4	0.0
Distribution	(0.3)	(0.3)	(0.3)	(0.6)	(0.7)
Admin	(10.9)	(6.1)	(6.1)	(12.2)	(13.0)
<b>Sum Op-ex</b>	<b>(10.8)</b>	<b>(5.1)</b>	<b>(6.3)</b>	<b>(11.3)</b>	<b>(13.6)</b>
Exceptional items	0.1	0.1	0.0	0.1	0.0
EBIT Reported	(5.8)	(2.8)	(2.8)	(5.6)	(4.6)
<b>EBIT Adjusted</b>	<b>(5.7)</b>	<b>(2.7)</b>	<b>(2.7)</b>	<b>(5.5)</b>	<b>(4.3)</b>
Amortisation	(2.4)	(1.3)	(1.3)	(2.6)	(2.8)
Depreciation	(1.7)	(0.9)	(0.9)	(1.8)	(1.8)
EBITDA Reported	(1.7)	(0.7)	(0.6)	(1.3)	0.0
<b>EBITDA Adjusted</b>	<b>(1.7)</b>	<b>(0.6)</b>	<b>(0.5)</b>	<b>(1.2)</b>	<b>0.3</b>
Financial income	0.00	0.01	0.03	0.03	0.03
Financial expense	(0.5)	(0.3)	(0.3)	(0.6)	(0.6)
PBT Reported	(6.3)	(3.1)	(3.1)	(6.1)	(5.2)
<b>PBT Adjusted</b>	<b>(6.3)</b>	<b>(3.0)</b>	<b>(3.0)</b>	<b>(6.0)</b>	<b>(4.9)</b>
Tax	1.0	0.7	0.5	1.2	1.5
PAT Reported	(5.4)	(2.3)	(2.6)	(4.9)	(3.7)
<b>PAT Adjusted</b>	<b>(5.3)</b>	<b>(2.3)</b>	<b>(2.5)</b>	<b>(4.8)</b>	<b>(3.4)</b>
Basic wtd. av. Shares, m	358.9	431.9	431.9	431.9	431.9
Diluted wtd. av. Shares, m	359.3	432.2	432.2	432.2	432.2
EPS Reported Basic (p)	(1.5)	(0.5)	(0.6)	(1.1)	(0.8)
EPS Adjusted Basic (p)	(1.5)	(0.5)	(0.6)	(1.1)	(0.8)

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

### Convertible loan notes

On 4 August Kromek raised £1.7m through the issue of loan notes priced at 15p/share, a 30% premium to the 4 August close. The loan notes have an 18 month term (conversion, 31 January 2024) and carry an 8% per annum coupon, with implied dilution of 11.3m shares (2.6%). As Kromek notes, the funds will provide additional working capital to minimise potential supply chain disruption and underpin contract delivery commitments.



## Summary balance sheet

Balance sheet FY21 – FY23E					
Year to Apr 30, £m	FY21	H1 22	H2 22	FY22	FY23E
Goodwill net	1.3	1.3	1.3	1.3	1.3
Intangible assets	24.1	26.2	28.4	28.4	31.3
PPE net	11.2	10.9	10.9	10.9	10.2
RoU net	4.1	3.9	3.9	3.9	3.6
<b>Fixed Assets</b>	<b>40.7</b>	<b>42.3</b>	<b>44.5</b>	<b>44.5</b>	<b>46.4</b>
Inventories	6.2	7.3	10.5	10.5	7.1
Trade receivables	6.6	7.2	6.4	6.4	5.9
Tax assets	1.0	0.4	0.9	0.9	1.5
Cash, Equivalents	15.6	10.2	5.1	5.1	3.2
<b>Current Assets</b>	<b>29.5</b>	<b>25.2</b>	<b>23.0</b>	<b>23.0</b>	<b>17.7</b>
Total Assets	70.2	67.5	67.4	67.4	64.1
Trade payables	(6.2)	(6.0)	(7.9)	(7.9)	(7.9)
Borrowings	(5.4)	(4.8)	(5.7)	(5.7)	(5.7)
Leases	(0.4)	(0.4)	(0.4)	(0.4)	(0.4)
<b>Current Liabilities</b>	<b>(12.0)</b>	<b>(11.2)</b>	<b>(13.9)</b>	<b>(13.9)</b>	<b>(14.0)</b>
Total Assets less Current Liabilities	58.2	56.3	53.5	53.5	50.2
Deferred income	(1.1)	(1.2)	(1.1)	(1.1)	(1.2)
Leases	(4.3)	(4.1)	(4.2)	(4.2)	(4.1)
Borrowings	(2.8)	(2.0)	(0.7)	(0.7)	(0.5)
<b>Long-term liabilities</b>	<b>(8.1)</b>	<b>(7.3)</b>	<b>(6.0)</b>	<b>(6.0)</b>	<b>(5.9)</b>
<b>Total liabilities</b>	<b>(20.1)</b>	<b>(18.5)</b>	<b>(20.0)</b>	<b>(20.0)</b>	<b>(19.8)</b>
Net Assets	50.1	49.0	47.4	47.4	44.3
Share Capital	4.3	4.3	4.3	4.3	4.3
Share Premium	72.9	72.9	72.9	72.9	72.9
Capital redemption reserve	21.9	21.9	21.9	21.9	21.9
Translation reserve	0.0	1.2	2.1	2.1	2.6
Accumulated losses	(49.1)	(51.3)	(53.7)	(53.7)	(57.4)
<b>Equity</b>	<b>50.1</b>	<b>49.0</b>	<b>47.4</b>	<b>47.4</b>	<b>44.3</b>
Net cash/(debt)	7.4	3.5	(1.4)	(1.4)	(3.0)

Source: Company data. Equity Development estimates.

## Summary cashflow

Cashflow FY21 – FY2					
Year to Apr 30, £m	FY21	H1 22	H2 22	FY22	FY23E
Net profit/loss	(5.4)	(2.3)	(2.6)	(4.9)	(3.7)
Finance (net)	0.5	0.3	0.3	0.5	0.6
Tax	(1.0)	(0.7)	(0.5)	(1.2)	(1.5)
Amortisation	2.4	1.3	1.3	2.6	2.8
Depreciation	1.7	0.9	0.9	1.8	1.8
Share-based payment	0.1	0.1	0.1	0.2	0.3
Other non-cash	0.1	(1.3)	(0.2)	(1.4)	0.0
<b>Operating Cash Flow</b>	<b>(1.5)</b>	<b>(1.8)</b>	<b>(0.7)</b>	<b>(2.5)</b>	<b>0.3</b>
Working capital					
(Increase)/Decrease inventories	0.2	(1.1)	(3.2)	(4.3)	3.4
(Increase)/Decrease in receivables	1.6	(0.5)	0.7	0.2	0.5
Increase/(Decrease) in payables	(2.6)	(0.1)	1.8	1.7	0.0
<b>Change working capital</b>	<b>(0.8)</b>	<b>(1.7)</b>	<b>(0.6)</b>	<b>(2.3)</b>	<b>3.9</b>
<b>Cash from operations</b>	<b>(2.3)</b>	<b>(3.5)</b>	<b>(1.3)</b>	<b>(4.8)</b>	<b>4.2</b>
Tax (paid)/received	1.0	1.3	(0.0)	1.3	1.3
Net cash from operations	(1.3)	(2.2)	(1.3)	(3.5)	5.5
Investing activities					
Investments	0.0	0.0	0.0	0.0	0.0
Interest	0.0	0.0	0.0	0.0	0.0
PPE/RoU	(0.5)	(0.3)	(0.4)	(0.7)	(0.8)
IP	(0.2)	(0.1)	(0.1)	(0.2)	(0.2)
Capitalised R&D	(5.5)	(3.1)	(2.5)	(5.6)	(5.5)
<b>Net cash used in investing</b>	<b>(6.1)</b>	<b>(3.5)</b>	<b>(2.9)</b>	<b>(6.4)</b>	<b>(6.5)</b>
Net OpFCF	(7.4)	(5.7)	(4.3)	(9.9)	(1.0)
Financing activities					
Shares (net)	12.2	0.0	0.0	0.0	0.0
Borrowings	3.2	0.6	0.2	0.8	1.1
Borrowings repaid	(0.6)	(0.7)	(0.6)	(1.3)	(1.3)
Leases	(0.4)	(0.3)	(0.3)	(0.6)	(0.1)
Interest	(0.3)	(0.2)	(0.2)	(0.3)	(0.6)
<b>Net cash from financing</b>	<b>14.1</b>	<b>(0.6)</b>	<b>(0.9)</b>	<b>(1.6)</b>	<b>(0.9)</b>
Net change in cash	6.8	(6.3)	(5.2)	(11.5)	(1.9)
Cash at start of year	9.4	15.6	10.2	15.6	5.1
Forex	(0.6)	1.0	0.0	1.0	0.0
<b>Cash at period-end</b>	<b>15.6</b>	<b>10.2</b>	<b>5.1</b>	<b>5.1</b>	<b>3.2</b>
Net cash/(debt)	7.4	3.5	(1.4)	(1.4)	(3.0)

Source: Company data. Equity Development estimates.



## Contacts

### Andy Edmond

Direct: 020 7065 2691

Tel: 020 7065 2690

[andy@equitydevelopment.co.uk](mailto:andy@equitydevelopment.co.uk)

### Hannah Crowe

Direct: 0207 065 2692

Tel: 0207 065 2690

[hannah@equitydevelopment.co.uk](mailto:hannah@equitydevelopment.co.uk)

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Equity Development, 2<sup>nd</sup> Floor, Park House, 16-18 Finsbury Circus, London, EC2M 7EB

Contact: [info@equitydevelopment.co.uk](mailto:info@equitydevelopment.co.uk) | 020 7065 2690