

SATCOM deal is Group's largest acquisition

22 November 2024

Cohort has announced a conditional sale and purchase agreement to acquire EM Solutions Pty Ltd., owner of EM Solutions (Europe) B.V., from Electro Optic Systems Holdings Ltd., for an enterprise value of AUS\$144.0m, c.£75.0m This is Cohort's largest acquisition to date. The purchase will be funded from Group cash resources, debt facility plus a share placing, and is expected to be EPS-accretive from FY25/26. For Cohort the acquisition adds complementary expertise in satellite communications for global naval and defence applications.

EM Solutions

For the year to 31 December 2023 Australia-based EM Solutions recorded revenue of AUD\$43.1m (c.£22.5m¹) and EBIT of AUD\$11.5m (c.£6.0m, 26.7% margin), with an order book of AUD\$175.4m (£91.4m); the additional orders **take Cohort's pro forma total to over £650m**. EM Solutions offers a range of satellite-based secure communications systems including satellite on-the-move (SOTM) and radio frequency (RF) systems, plus contract manufacturing and design. Customers include the Australian Department of Defence, Royal Australian Navy, Norwegian Navy and Dutch Ministerie van Defensie.

Acquisition rationale, funding and earnings impact

The acquisition brings complementary expertise in naval surface defence satellite communications with the potential to accelerate growth across the full range of market presence – **UK, NATO Europe, Asia and South America** – in addition to strengthening its presence in **Australia**, a region of increased strategic focus. The acquisition will be funded through: £41m in new shares, £20m drawn from Group debt facilities, and £14m in cash. Cohort has announced a fully underwritten non-pre-emptive placing to institutional investors of 4.571428m shares for (gross) £40.0m (875p/share, 11.3% dilutive), and retail participation via a £1.0m PrimaryBid offer (0.3% dilutive). Cohort indicates that H1 25 Group revenue should be at least £105m with (adj.) EBIT of at least £9.0m.

We estimate that the acquisition enhances Cohort FY25 revenue by 4% (pro rata for 151 days remaining) and in FY26 by 17%, with an uplift to (adj.) EBIT of 10% and 32% respectively.

Fair value raised

Our Fair Value is raised to 1090p/share, indicative of a FY26 E PE of 19.4x and EV/EBITDA of 10.1x. This compares favourably to a market cap weighted average for Cohort's peer group of: PE, 21.3x and EV/EBITDA of 12.1x (*source: Koyfin*).

Summary financials

Yr to 30 April (£m)	2022	2023	2024	2025E	2026E
Revenue	137.7	182.7	202.5	240.2	280.2
EBIT (adj.)	15.5	19.1	21.1	27.1	35.7
EBITDA (adj)	19.4	23.2	25.7	33.0	41.6
Pre-Tax Profit (adj)	14.7	17.7	19.8	24.8	33.3
EPS (adj, p)	30.9	36.4	42.7	43.5	56.3
Dps (p)	12.2	13.4	14.8	15.5	16.3
Net debt / (cash)	(11.0)	(15.6)	(23.1)	16.0	(5.8)
P/E	32.4x	27.5x	23.4x	23.0x	17.8x
EV/EBITDA	19.7x	16.5x	14.9x	11.6x	9.2x
EBIT margin	11.3%	10.4%	10.4%	11.3%	12.7%
ED FV P/E	35.3x	29.9x	25.5x	25.1x	19.4x
ED FV EV/EBITDA	21.6x	18.1x	16.3x	12.7x	10.1x

Source: Company data, Equity Development estimates.¹ GB£:AUD\$ rate 1.00:1.92

Company Data

EPIC	CHRT
Price (last close)	1000p
52 weeks Hi/Lo	1024p/471p
Market cap	£406m
ED Fair Value/share	1090p
Proforma net cash	£23.1m

Share Price, p



Source: ADVFN

Description

Operating in the UK, Germany and Portugal, Cohort has two divisions.

Communications and Intelligence comprises: EID, communications systems for naval and land defence; MASS, advanced digital defence and security; MCL, electronic and surveillance technology supply and support for the UK MOD.

Sensors & Effectors comprises: Chess, electro-optical tracking and surveillance systems for naval, land defence and security; ELAC SONAR, advanced sonar systems and underwater communications; SEA, technology-based products for the defence and transport markets, and specialist research and training services.

Next event

FY '25 results

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Acquisition rationale

As illustrated below, the proposed acquisition addresses a range of key operational and strategic targets for the Group:

- Complementary new technology**, dovetailing new naval surface satellite communications capability with Cohort's expertise in submarine communications. EM Solutions is positioned to capture demand from defence clients migrating from X-band (5.2GHz-10.9GHz) to faster Ka band (27.5-31.0GHz, 18.3-18.8GHz and 19.7-20.2GHz) communications. This is particularly important in meeting increased demand for the command and control of unmanned naval surface vessels. EM Solutions also introduces to the Group new products and components in monopulse tracking (radio-enhanced high accuracy radar), satellite multiband communications and RF component design.
- Reinforced Australian presence**. Whilst EM Solutions supplies entities across a wide range of geographies, including Norway and the Netherlands, its market presence and product development pathways have Australian origins, for example in the development of its satellite-on-the-move systems for Australian Bushmaster vehicles. The acquisition reinforces Cohort's presence in Australia-Asia Pacific.
- Margin enhancement**. EM Solutions recorded a healthy FY23 EBIT margin, at 26.7% compared to Cohort at 10.4% for FY24; the acquisition brings (adj.) EBIT margin concentration and progresses the Group towards its medium-term margin target. It is also expected that the acquisition will lead to a more balanced H1-H2 earnings weighting.
- Boosted order book**. At the 20th September AGM Cohort reported an order book at £575m following the addition of c.£120m in new orders post FY24 (£518.7m). The acquisition takes the pro forma order book to above c.£650m at that date.

Cohort: summary acquisition rationale, highlights and process

ACQUISITION	Proposed acquisition of EM Solutions, a leading Australia-based developer and producer of high-end Satellite Communications terminals for global navy and defence customers, for an enterprise value of AUD\$144.0m (£75.0m) (the "Acquisition")
STRATEGIC RATIONALE	Brings a new capability to the Group, providing access to a market segment predicted to grow strongly Complementary to existing technologies, geographies and products Strengthens Cohort's strategic geographic foothold in Australia and EM Solutions' in Europe
FINANCIAL EFFECTS	Materially accretive to adjusted EPS in the first full financial year of ownership (2025/26) and onwards Tax adjusted ROIC > WACC in third full financial year post completion (2027/28) Material step towards target of mid-teen margins by FY27
EQUITY PLACING	£40.0m by way of a 10.9% non-pre-emptive placing to institutional investors (the "Placing") to partially fund the Acquisition Additional offer up to £1.0m via PrimaryBid to facilitate retail participation
REMAINING CONSIDERATION	Company's cash and existing debt facilities Key to maintain a strong balance sheet for the enlarged group
TIMETABLE	Acquisition and Launch of Placing announcement: 21 November 2024; Admission, dealings and settlement of new shares: 25 November 2024 Completion of acquisition expected by calendar year end, subject to conditions

Source: Company data.

We note that Cohort states that it has structured the acquisition to preserve cash resources with which to both underpin operations and provide the basis for further acquisitions.

Acquisition structure and earnings impact

Below illustrates the proposed funding structure.

Funding structure		
Funding	AUD\$m	£m
Equity raise	76.8	40.0
Equity raise	1.9	1.0
Debt drawn from Cohort £35m RCF	38.4	20.0
Cash	26.9	14.0
Sum	144.0	75.0
Share issue at 875p/share	shares m	dilution
Institutions	4.57143	11.3%
Private investors	0.11429	0.3%
Sum dilution	4.68571	11.6%
EBIT acquisition multiple	12.5x	12.5x

Source: Company data. Equity Development estimates.

Below summarises our estimated impact of the EM Solutions acquisition on Cohort's outlook in FY25/FY26: for FY25, pro rata, a 4% uplift to revenue and 10% increase in (adj.) EBIT; for FY26, a 17% uplift to revenue and 32% increase in (adj.) EBIT with margin expansion from 11.2%E to 12.7%E. We estimate Y/E FY25 net debt at £16.0m, 0.48 of (adj.) EBITDA.

Our outlook for EM Solutions FY26 revenue (AUD\$40.2m) is based on an order backlog of AUD\$175.4m (30 September 2024) for delivery over 5 years, and EMS largest ever contract in June 2023 for SATCOM upgrades across vessels in the Commonwealth's Capability Acquisition and Sustainment Group, worth AUD\$150m over 7 years.

Earnings impact

EM Solutions	FY21	FY22	FY23	FY24E		FY25E	FY26E	
Revenue AUD\$m	25.1	28.5	43.1	47.4		52.2	77.2	
Revenue £m	13.1	14.8	22.5	24.7		27.2	40.2	
YoY		14%	51%	10%		10%	48%	
EBIT AUD\$m	6.1	5.5	11.5	12.7		14.1	20.8	
EBIT £m	3.2	2.9	6.0	6.6		7.3	10.9	
YoY		-10%	109%	10%		11%	48%	
Margin	24.3%	19.3%	26.7%	26.7%		27%	27%	
Contribution to Cohort								
Revenue £m						10.2	40.2	
Percentage change						4.4%	16.8%	
EBIT £m						2.7	10.9	
Percentage change						11.1%	40.3%	
Cohort PLC								
	FY21	FY22	FY23	FY24	FY25 OE	FY26OE	FY25E	FY26E
Revenue £m	143.3	137.7	182.7	202.5	230.0	240.0	240.2	280.2
EBIT £m	18.6	13.8	19.1	21.1	24.6	27.0	27.1	35.7
Margin	13.0%	10.0%	10.4%	10.4%	10.7%	11.2%	11.3%	12.7%

Source: Company data. Equity Development estimates.

Acquisition features

Regulatory approval

The proposed acquisition received approval from the Australian Foreign Investment Board (FIRB) in November and is expected to complete by 31 December 2024.

Completion process

Further details of the Placing are contained in the Launch Announcement. The Placing is conditional upon the Placing Agreement between the Company and the Bookrunner not having been terminated in accordance with its terms. The Placing is not conditional on the completion of the Acquisition. In the unlikely event the Acquisition does not complete, the Company may, at its option, decide to use the funds for alternative investments or consider a tax efficient way to return the net proceeds to Shareholders.

Integration as the seventh subsidiary

Cohort reports that as its seventh operating subsidiary, as part of the Communications & Intelligence division, EM Solutions will operate within Group "light touch" financial and governance controls and maintain a "significant degree of operational autonomy".

Largest ever acquisition

At £75.0m EM Solutions represents Cohort's largest of a series of acquisitions (taking the total spent to c.£183m): SCS (at IPO in 2006); MASS, acquired for £13m, 2006; SEA, acquired for £25m in 2007; J+S, acquired for £12m in 2014 and integrated into SEA; MCL, 50% acquired in 2014, 100% in 2017, for a total of £14m; EID, acquired in 2016 paying £13m for 80%; Chess, in 2018, £20.1m with the minority added in 2022 for £1.0m; Wärtsilä ELAC Nautik GmbH, acquired for €11.3m (£9.04m) in 2020.

Deal costs and charges

Our outlook factors in:

- £3.0m in acquisition-related costs.
- An increase in intangibles resulting in a £7.0m - £10.0m increase in annual amortisation charges (EDE £8.0m).
- Additional annual capex of £1.5m (excluding R&D) relating to EM Solutions' investments in IT and test solutions.
- Increase in annual interest charges of c.£1.5m.
- EM Solutions effective tax rate of 30.0%.

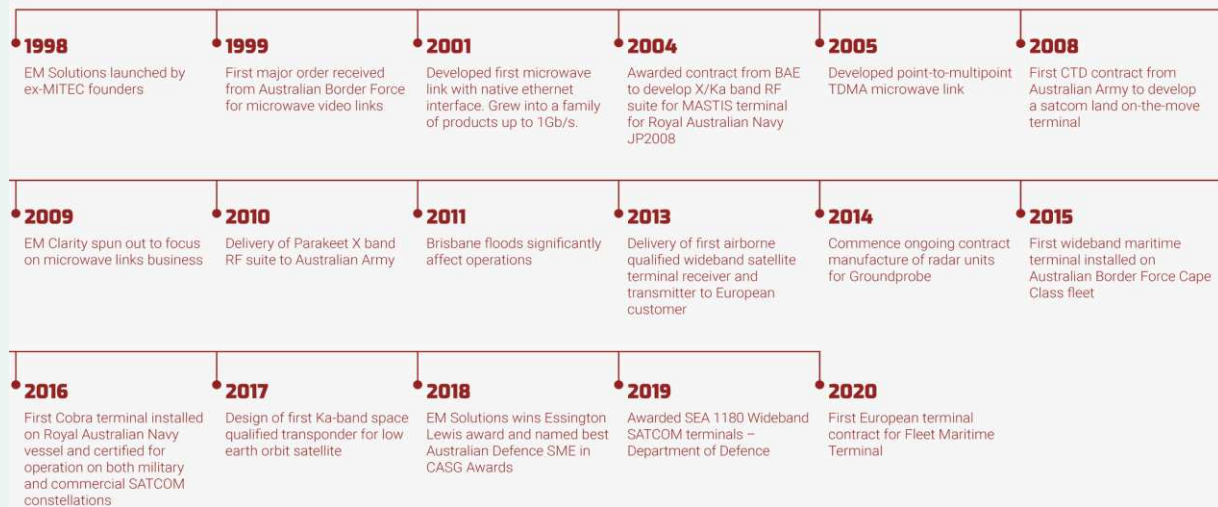
EM Solutions



EM Solutions (<https://www.emsolutions.com.au/>) was founded in 1987 by Dr John Ness and Peter Bradley founders of the University of Queensland microwave components and microwave links developer MITEC (floated in 1994 and subsequently acquired for AUD\$28m by CODAN in 1997).

In 2009 EM Clarity was spun out of EM Solutions to concentrate on terrestrial microwave backhaul solutions, whilst EM Solutions remained focussed on satellite communications and was subsequently acquired (2019) by Electro Optic Systems (EOS).

EM Solutions development timeline



Source: Company data. Equity Development estimates.

Products and services

The EM Solutions offerings spans several segments of the satellite communications market:

- Satcom-on-the-move (SOTM)** X band- and Ka band-based satellite communications equipment capable of supporting the transition to faster Ka band systems and is in the process of developing multi-band terminals which offer resilience in environments affected by weather or communications congestion. SOTM contributed AUD\$25.2m of FY23 revenue; 59% of total and expected to continue to grow towards 80% of total.
- Microwave subsystems:** solid state power amplifiers (SSPA), filters, low noise block (LNB) down converters, and high-power block (BUC) up converters.
- Line of sight** long distance (20km – 100km) high capacity (10Gbps) E-Band communications links, developed in cooperation with EM Clarity, which EM Solutions states offers “the fastest ever long-distance radio communications links between two moving platforms”. This ‘Ecomux’ system is currently undergoing trials with the US Navy and has applications in sectors such as oil & gas, and financial services for high frequency trading (connecting the NYSE to Nasdaq for traders).
- Build to print manufacture,** to realise RF and electronic component designs and electronic designs and manufacturing (both standardised and bespoke), supported by repair and sustainment services. Sustainment services contributed AU\$9.5m of FY23 revenue (22%).

EM Solutions satellite-on-the-move solutions

EM Solutions describes its Ka-band² satellite-on-the-move terminal offering¹ as:







“Purpose designed and built to exacting A.D.F. [Australian Defence Force] requirement specifications for use on Bushmaster vehicles [illustrated left] accessing the USA / Australian W.G.S. [wideband global SATCOM] Geo-stationary satellite constellation. EM Solutions’ SOTM terminal aims to provide a very high availability connection with the satellite even while traveling at 100km/hour on the highway or 40km/hour off-road.

The system makes use of a unique proprietary ‘closed loop’ satellite beacon signal tracking system which guarantees the antenna stays pointing at the satellite while the vehicle or vessel on which it is mounted moves around. Tests consistently show the system stays pointing in the right direction for more than 99.7% of the time as well as achieving unbeatable satellite re-acquisition times. It uses EM Solutions’ own powerful lightweight RF transmitters and receivers, built and proven to meet demanding Mil-Std specifications”.

EMS emphasises the combination of the reliability of its SOTM in Australian operating conditions and value compared to a relatively small number of competing Ka-Band SOTM

EM Solutions satellite on the move

 <p>Salamander</p> <p>Designed initially for the Australian Defence Force at X and Ka band, the Salamander terminal operates at Ku band and is suitable for civilian use in emergency services applications. EM Solutions’ Salamander satellite terminals affordably combine robust, resilient design and MIL-STD quality with a state of the art antenna feed.</p> <p>Details »</p>	 <p>King Cobra</p> <p>The new member of the Cobra family! Contact EM Solutions for more information.</p> <p>Details »</p>
 <p>Taipan 48 Land Terminal</p> <p>Designed initially for the Australian Defence Force to operate at Ka-band on WGS satellites, and subsequently tailored for civilian use in emergency services applications, EM Solutions’ Taipan satellite terminals affordably combine robust, resilient design and MIL-STD quality with a state of the art antenna feed for operation on either military or commercial Ka-band.</p> <p>Details »</p>	 <p>Cobra 1M Ka Band Maritime Terminal</p> <ul style="list-style-type: none"> <input checked="" type="checkbox"/> Best-in-class Ka-Band triband mobile satellite terminal <input checked="" type="checkbox"/> Inmarsat GX certified <input checked="" type="checkbox"/> WGS certified <input checked="" type="checkbox"/> Simultaneous X and Ka-Band options <p>Details »</p>

Source: Company data

¹ <https://www.emsolutions.com.au/technical-papers/white-papers/ka-band-sotm-terminal/>

² Geostationary communications satellites operate in three bands; C (3.7-6.4GHz); Ku (11.7-14.5GHz); Ka (27.5-31.0GHz, 18.3-18.8GHz and 19.7-20.2GHz).

³ Wideband Global SATCOM Satellite (WGS) provides worldwide, flexible, high-capacity communications for US Government Agencies, Department of Defense (DOD), NATO and international partners. WGS enables field commander control of tactical forces via the Defense Information Systems Network (DISN). <https://www.spaceforce.mil/About-Us/Fact-Sheets/Article/2197740/wideband-global-satcom-satellite/>

Revised Group outlook

Below summarises the projected impact of the acquisition on our FY25/26 earnings outlook:

- FY 25 revenue of £240.2m raised from £230.0m; (adj.) EBIT raised from £24.6m to £27.1m.
- FY 26 revenue of £280.2m raised from £240.0m; (adj.) EBIT raised from £27.0m to £35.7m, 12.7% margin.
- FY26 fully diluted EPS raised 19% from 47.4p to 56.3p.

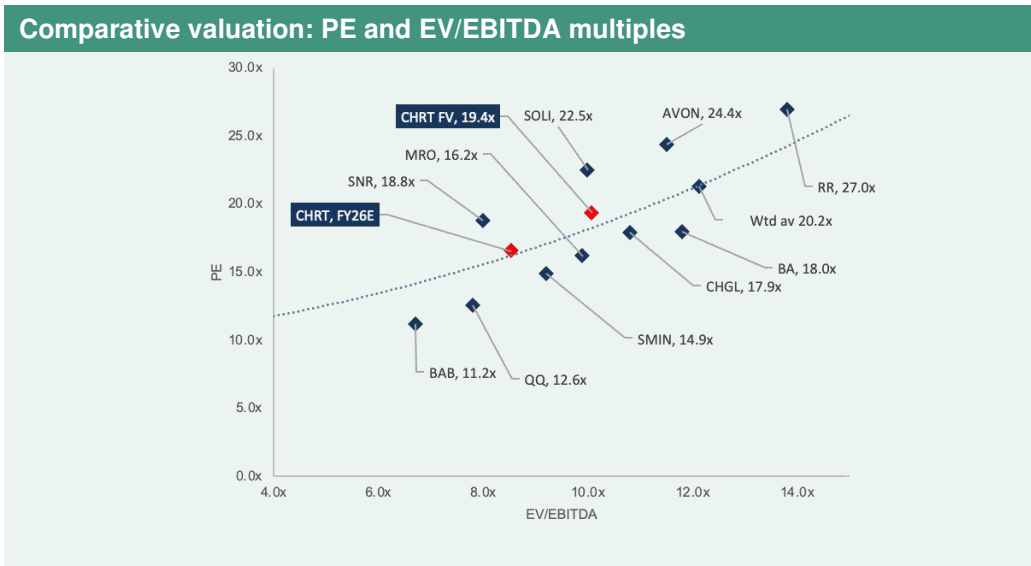
Summary outlook									
£m	FY24	FY25OE	FY25E	Change	FY26OE	FY26E	Change	FY25YoY	FY26YoY
Comms & Intell	82.9	90.0	100.2	11%	98.0	138.2	41%	21%	38%
Sensors & Effectors	119.6	140.0	140.0	0%	142.0	142.0	0%	17%	1%
Revenue	202.5	230.0	240.2	4%	240.0	280.2	17%	19%	17%
<i>Revenue YoY</i>		13.6%	18.6%						
Gross	76.3	95.5	99.7	4%	99.6	116.3	17%	31%	17%
<i>Margin</i>	37.7%	41.5%	41.5%	0%	41.5%	41.5%			
Central costs	(4.5)	(5.7)	(5.7)	0%	(5.7)	(5.7)	0%	27%	0%
Comms & Intel EBIT	12.8	14.0	16.5	18%	15.5	24.2	56%	29%	46%
Sensors & Effectors EBIT	12.8	16.2	16.2	0%	17.2	17.2	0%	27%	6%
EBIT Reported	21.2	24.6	24.0	-2%	28.0	28.7	3%	13%	20%
EBIT Adjusted	21.1	24.6	27.1	10%	27.0	35.7	32%	28%	32%
<i>EBIT (adj.) mrg</i>	10.4%	10.7%	11.3%	-1%	11.2%	12.7%	-1%	0.8%	13%
EBITDA Reported	28.9	31.5	31.0	-2%	33.9	42.6	26%	7%	37%
EBITDA Adjusted	25.7	30.5	33.0	8%	32.9	41.6	26%	28%	26%
<i>Margin</i>	12.7%	13.3%	13.7%	0%	13.7%	14.9%			
PBT Reported	19.8	22.6	21.7	-4%	26.0	26.3	1%	9%	21%
PBT Adjusted	19.8	22.6	24.8	10%	25.0	33.3	33%	25%	34%
EPS Reported Basic (p)	37.9	42.5	36.3	-14%	49.5	40.6	-18%		
EPS Reported Diluted (p)	37.7	42.3	36.2	-14%	49.3	40.4	-18%		
EPS Adjusted Basic (p)	42.9	43.0	43.6	2%	47.6	56.5	19%		
EPS Adj. Diluted (p)	42.7	42.8	43.5	2%	47.4	56.3	19%		

Source: Company data. Equity Development estimates.

Valuation considerations

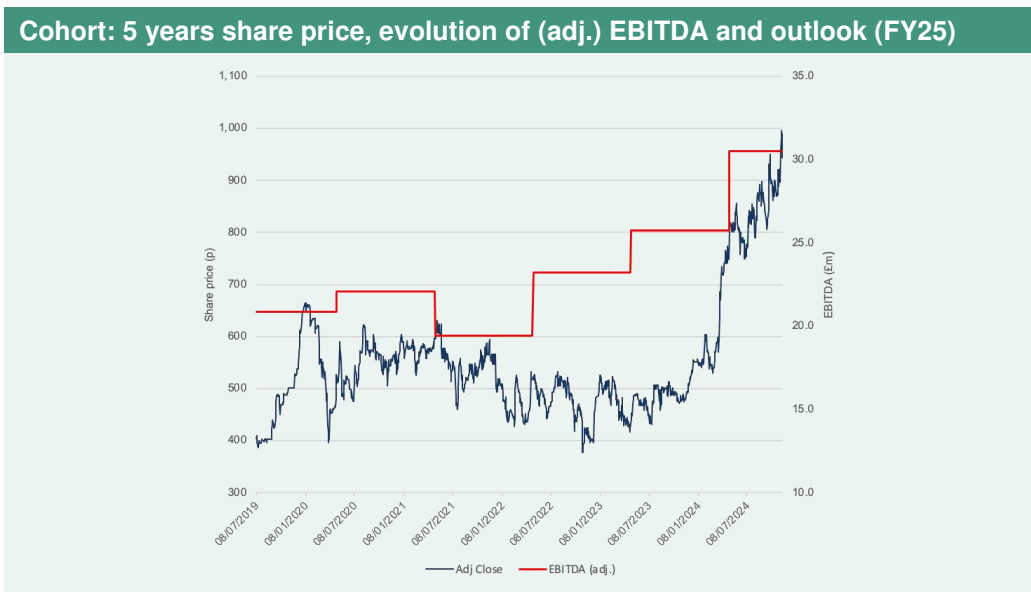
Below shows the comparative positioning of Cohort, at current valuation and at ED Fair Value, alongside a sample of peers in the UK defence and military equipment sector: Amedeo Air Force Plus, Avon Protection, Babcock, BAE Systems, Chemring Group, Concurrent Technologies PLC, Melrose Industries, QinetiQ, Rolls Royce Holdings, Senior PLC, Smiths Group and Solid State PLC.

- Cohort currently trades on a revised estimates FY26 E PE of 17.8x and EV/EBITDA of 9.2x.
- This compares to a market cap weighted average for the peer group PE of 21.3x and EV/EBITDA of 12.1x (source: Koyfin).
- Our new Fair Value of 1,090p indicates a FY26 E PE of 19.4x and EV/EBITDA of 10.1x.



Source: Equity Development estimates, Koyfin.

This chart compares and contrasts the evolution of (adj.) EBITDA (ED outlook to FY25E) compared to the past five years' share price performance:



Source: Company data, LSE, Equity Development estimates.

Summary financials

P&L									
Year to 30 April (£m)	H1 23	H2 23	H1 24	H2 24	FY22	FY23	FY24	FY25E	FY26E
Comms & Intell	33.2	53.0	43.9	39.0	68.4	86.2	82.9	100.2	138.2
Sensors & Effectors	44.5	52.1	51.0	68.6	69.4	96.5	119.6	140.0	142.0
Inter-segment	(0.2)	0.2	(0.6)	0.6	(0.0)	0.0	0.0	0.0	0.0
Revenue	77.5	105.2	94.3	108.2	137.7	182.7	202.5	240.2	280.2
Gross	24.3	40.6	31.2	45.1	56.6	64.9	76.3	99.7	116.3
<i>Margin</i>	31.3%	38.6%	33.0%	41.7%	41.1%	35.5%	37.7%	41.5%	41.5%
COGS	(53.2)	(64.7)	(63.2)	(63.1)	(81.1)	(117.9)	(126.3)	(140.5)	(163.9)
Underlying op-ex	(19.3)	(26.5)	(26.7)	(28.4)	(41.1)	(45.8)	(55.1)	(72.6)	(80.6)
Amortisation intangibles	(1.8)	(1.8)	(1.6)	(1.6)	(6.9)	(3.7)	(3.1)	(1.1)	(8.0)
R&D credits	0.0	0.9	0.0	2.9	1.0	0.9	2.9	1.0	1.0
Forex	(1.6)	0.5	(0.0)	0.3	0.7	(1.1)	0.3	0.0	0.0
One-off charges	0.0	0.0	0.0	0.0	0.7	0.0	0.0	(3.0)	0.0
EBIT Reported	1.6	13.6	4.4	18.3	11.1	15.3	21.2	24.0	28.7
EBIT Adjusted	5.0	14.1	6.0	16.7	15.5	19.1	21.1	27.1	35.7
<i>EBIT (adj.) margin</i>	6.5%	13.4%	6.4%	15.4%	11.3%	10.4%	10.4%	11.3%	12.7%
Amortisation Intangibles	(1.8)	(1.8)	(1.6)	(1.6)	(6.9)	(3.7)	(3.1)	(1.1)	(8.0)
Depreciation PPE	(1.2)	(1.2)	(1.3)	(1.4)	(2.2)	(2.4)	(2.6)	(4.0)	(4.0)
Depreciation Roll	(0.9)	(0.9)	(0.9)	(1.1)	(1.7)	(1.8)	(2.0)	(2.0)	(2.0)
EBITDA Reported	5.5	17.6	8.2	20.7	21.8	23.1	28.9	31.0	42.6
EBITDA Adjusted	7.1	16.1	8.2	19.1	19.4	23.2	25.7	33.0	41.6
<i>Margin</i>	9.1%	15.3%	8.7%	17.7%	14.1%	12.7%	12.7%	13.7%	14.9%
Financial income	0.0	0.1	0.2	0.3	0.0	0.1	0.5	0.5	0.5
Financial expense	(0.6)	(0.9)	(1.0)	(0.9)	(0.9)	(1.5)	(1.9)	(2.8)	(2.9)
PBT Reported	1.1	12.8	3.7	16.2	10.2	13.9	19.8	21.7	26.3
PBT Adjusted	4.5	13.3	5.2	16.1	14.7	17.7	19.8	24.8	33.3
Tax	(0.2)	(2.5)	(0.7)	(3.8)	(1.5)	(2.7)	(4.5)	(5.2)	(7.9)
Reported tax rate	17.0%	19.4%	20.0%	23.5%	15.1%	19.2%	22.9%	24.0%	30.0%
<i>Tax rate % adjusted</i>	4.1%	18.8%	14.0%	23.6%	10.5%	15.1%	22.9%	21.0%	23.7%
PAT Reported	0.9	10.4	2.9	12.4	8.7	11.3	15.3	16.5	18.4
PAT Adjusted	4.3	10.8	4.5	12.3	13.1	15.1	15.2	19.8	25.6
Basic wtd. Av. shares (m)	40.6	40.7	40.4	40.7	40.8	40.7	40.4	45.4	45.4
Diluted wtd. av. shares (m)	40.7	40.8	40.5	40.8	41.0	40.8	40.6	45.5	45.5
EPS Reported Basic (p)	2.73	25.19	7.69	27.92	22.5	27.9	37.9	36.3	40.6
EPS Reported Diluted (p)	2.72	25.14	7.67	27.86	22.4	27.9	37.7	36.2	40.4
EPS Adjusted Basic (p)	10.12	26.36	10.36	36.48	31.1	36.5	42.9	43.6	56.5
EPS Adjusted Diluted (p)	10.09	26.31	10.33	36.40	30.9	36.4	42.7	43.5	56.3

Source: Company data, Equity Development estimates.

Cashflow									
Year to 30 April (£m)	H1 23	H2 23	H1 24	H2 24	FY22	FY23	FY24	FY25E	FY26E
PAT rntd	0.9	10.4	2.9	12.4	8.7	11.3	15.3	16.5	18.4
Tax	0.2	2.5	0.7	3.8	1.5	2.7	4.5	5.2	7.9
Depreciation	2.1	2.1	2.2	2.4	3.9	4.2	4.6	6.0	6.0
Amortisation	1.8	1.8	1.6	1.6	6.9	3.7	3.1	1.1	8.0
Finance net	0.5	0.8	0.8	0.6	0.9	1.3	1.4	2.3	2.4
Derivatives/forex	1.6	(0.5)	0.0	(0.3)	(0.7)	1.1	(0.3)	(0.3)	(0.3)
Share-based payments	0.3	1.2	0.4	0.7	0.6	1.5	1.1	3.0	0.0
Provisions	0.3	0.4	1.7	0.5	0.1	0.7	2.2	0.0	0.0
Operating Cash Flow	7.7	18.7	10.3	21.6	21.8	26.4	31.9	33.7	42.3
Working capital									
(Inc)/Dec inventories	0.2	(8.8)	(1.6)	0.2	(9.9)	(8.6)	(1.4)	(0.9)	(5.7)
(Inc)/Dec receivables	(4.1)	7.1	(5.7)	(19.0)	10.5	3.0	(24.7)	(4.9)	(0.2)
(Inc)/Dec payables	(8.7)	5.8	7.5	16.3	0.0	(3.0)	23.8	17.8	18.0
Movement in working capital	(12.6)	4.1	0.2	(2.5)	0.7	(8.5)	(2.3)	12.0	12.1
Cash from operations	(4.9)	22.8	10.5	19.1	22.5	17.9	29.6	45.7	54.4
Interest paid	(0.5)	(0.7)	(0.9)	(1.0)	(0.9)	(1.2)	(1.9)	(4.8)	(5.0)
Tax (paid)/received	(0.4)	0.3	(2.1)	(2.7)	(2.1)	(0.1)	(4.7)	(5.2)	(7.9)
Net cash from operations	(5.8)	22.4	7.6	15.4	19.5	16.5	23.0	35.7	41.5
Investing activities									
Interest received	0.0	0.1	0.2	0.3	0.0	0.1	0.5	0.5	0.5
PPE	(2.6)	(2.6)	(2.7)	(3.9)	(2.0)	(5.2)	(6.7)	(10.0)	(6.5)
Acquisition	0.0	(1.0)	0.0	0.0	(0.4)	(1.0)	0.0	(3.0)	0.0
Net cash investing	(2.6)	(3.5)	(2.5)	(3.7)	(2.4)	(6.1)	(6.2)	(87.5)	(6.0)
Net OpCFE	(8.4)	18.8	5.1	11.8	17.2	10.4	16.9	(51.8)	35.5
Financing activities									
Share issue	0.6	0.3	0.1	0.6	0.6	1.0	0.7	40.0	0.0
Dividends	(3.4)	(1.7)	(3.7)	(1.9)	(4.7)	(5.1)	(5.6)	(7.0)	(7.4)
Purchase own shares	(0.3)	(0.3)	(1.9)	0.0	(2.9)	(0.6)	(1.9)	0.0	0.0
Settlement of own shares	0.1	0.0	0.1	0.7	0.3	0.1	0.8	20.0	0.0
Borrowings	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Repayments	(0.0)	(4.0)	(3.0)	(6.0)	(0.1)	(4.0)	(9.0)	0.0	0.0
Lease repayments	(0.9)	(2.0)	(1.0)	(1.9)	(1.9)	(2.0)	(1.9)	(1.8)	(1.8)
Net cash from financing	(3.9)	(7.6)	(9.4)	(8.5)	(8.7)	(10.6)	(16.9)	51.2	(9.2)
Net increase in cash	(12.3)	12.2	(4.3)	4.2	8.4	(0.2)	(0.1)	(0.6)	26.3
Forex	0.7	0.6	(1.1)	(0.6)	(0.4)	1.2	(1.7)	0.0	0.0
Cash start	40.4	28.7	41.5	36.1	32.3	40.4	41.5	39.7	39.0
Cash end	28.7	41.5	36.1	39.7	40.4	41.5	39.7	39.0	65.3
Net debt / (cash)					(11.0)	(15.6)	(23.1)	16.0	(5.8)

Source: Company data, Equity Development estimates.

Balance sheet									
Year to 30 April (£m)	H1 23	H2 23	H1 24	H2 24	FY22	FY23	FY24	FY25E	FY26E
Fixed Assets									
Goodwill	50.1	50.1	50.1	50.1	50.1	50.1	50.1	53.1	53.1
Intangible assets	7.8	6.0	4.4	2.8	9.6	6.0	2.8	76.7	68.7
RoU assets	8.8	8.5	8.1	7.8	9.6	8.5	7.8	5.9	3.9
PPE net	13.8	15.3	17.2	19.4	12.3	15.3	19.4	25.4	27.9
Deferred tax, other	1.4	1.6	1.5	2.5	1.4	1.6	2.5	2.5	2.5
Sum Fixed Assets	81.9	81.5	81.3	82.7	83.1	81.5	82.7	163.7	156.2
Current Assets									
Inventories	22.8	32.0	33.8	33.3	22.8	32.0	33.3	34.2	39.9
Trade receivables	59.6	55.6	61.1	79.4	56.2	55.6	79.4	84.2	84.4
Derivatives, tax	0.3	2.2	1.9	1.9	0.8	2.2	1.9	2.4	3.2
Cash, Equivalents	29.0	51.0	36.1	55.2	40.4	51.0	55.2	39.0	65.3
Sum Current Assets	111.6	140.8	132.9	169.8	120.1	140.8	169.8	159.9	192.9
Total Assets	193.6	222.3	214.2	252.5	203.2	222.3	252.5	323.6	349.2
Current Liabilities									
Trade payables	(44.3)	(55.9)	(62.9)	(81.0)	(54.0)	(55.9)	(81.0)	(98.7)	(116.7)
Derivatives, tax	(2.4)	(5.3)	(3.6)	(2.5)	(0.9)	(5.3)	(2.5)	(3.2)	(4.3)
Leases	(1.3)	(1.7)	(1.5)	(1.8)	(1.5)	(1.7)	(1.8)	(1.8)	(1.8)
Borrowings	(0.0)	(9.5)	0.0	(15.5)	(29.4)	(9.5)	(15.5)	(18.5)	(23.0)
Provisions	(8.8)	(8.7)	(10.4)	(8.9)	(8.9)	(8.7)	(8.9)	(10.9)	(12.8)
Other payables	(1.0)	0.0	0.0	0.0	(1.4)	0.0	0.0	0.0	0.0
Sum Current Liabilities	(57.8)	(81.1)	(78.5)	(109.7)	(96.0)	(81.1)	(109.7)	(133.1)	(158.6)
Total Assets less Current Liabilities	135.7	141.3	135.7	142.8	107.2	141.3	142.8	190.5	190.5
Long-term Liabilities									
Deferred tax	(1.0)	(1.5)	(1.1)	(0.9)	(1.4)	(1.5)	(0.9)	(1.0)	(1.5)
Leases	(8.1)	(7.5)	(7.2)	(6.7)	(8.6)	(7.5)	(6.7)	(4.9)	(3.1)
Borrowings	(29.6)	(25.8)	(22.8)	(16.5)	(0.0)	(25.8)	(16.5)	(36.5)	(36.5)
Provisions	(1.3)	(1.4)	(1.4)	(3.2)	(1.1)	(1.4)	(3.2)	(3.9)	(4.6)
Retirement benefit	(7.1)	(5.3)	(5.3)	(5.6)	(6.8)	(5.3)	(5.6)	(5.6)	(5.6)
Other	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Sum Long-term liabilities	(47.1)	(41.5)	(37.7)	(33.0)	(18.0)	(41.5)	(33.0)	(52.0)	(51.4)
Total liabilities	(104.9)	(122.5)	(116.3)	(142.7)	(114.0)	(122.5)	(142.7)	(185.1)	(210.0)
Net Assets	88.6	99.8	97.9	109.8	89.2	99.8	109.8	138.5	139.1
Capital & Reserves									
Share Capital	4.1	4.1	4.1	4.2	4.1	4.1	4.2	4.2	4.2
Share Premium	31.1	31.5	31.6	32.2	30.5	31.5	32.2	51.1	40.7
Own shares	(3.0)	(3.6)	(5.2)	(4.6)	(3.3)	(3.6)	(4.6)	(4.6)	(4.6)
Share option reserve	1.3	2.1	2.5	2.9	1.0	2.1	2.9	2.9	2.9
Other	(1.0)	0.0	0.0	0.0	(1.4)	0.0	0.0	0.0	0.0
Retained earnings	51.1	62.9	63.7	74.1	53.1	62.9	74.1	83.5	94.5
Equity	83.6	97.0	96.8	108.7	84.0	97.0	108.7	137.0	137.6
Non-controlling interests	5.0	2.8	1.1	1.2	5.2	2.8	1.2	1.5	1.5
Net debt / (cash)	0.6	(15.6)	(13.3)	(23.1)	(11.0)	(15.6)	(23.1)	16.0	(5.8)

Source: Company data, Equity Development estimates.



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