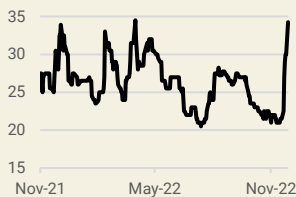


Price	34.25p
Market Cap	£24.3m
Shares in issue	70.8m
12m Trading Range	20.5p– 36.0p
Free float	64.8%
Next Event	FY23 trading update – Apr'23

Price performance (p)



Source: Bloomberg

Financial forecasts

Yr end Mar (£'m)	2022A	2023E	2024E	2025E
Revenue	11.9	16.5	23.7	31.0
yoy growth (%)	54.9	38.1	44.1	30.5
Adj. EBITDA ^A	1.1	1.5	1.8	2.5
Adj. PBT ^{AA}	0.1	0.5	0.9	1.6
Adj. EPS (p) ful dil.	0.5	1.0	1.2	1.9
DPS (p)	-	-	-	-
Net cash/(debt) ^{AAA}	0.9	1.2	0.9	1.0
P/E (x)	71.9	35.8	28.8	17.6
EV/EBITDA (x)	21.9	15.9	13.0	9.2
EV/Sales (x)	2.0	1.4	1.0	0.8
Div yield (%)	-	-	-	-

^AAdjusted for share-based payments and exceptional items

^{AA}Adjusted for share-based payments, amortisation of acquired intangible assets, and exceptional items

^{AAA}Excludes IFRS 16 leases

Source: Audited Accounts and Zeus estimates

* Altitude Group plc is a NOMAD & Broking client of Zeus

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Altitude Group plc

ALT LN – Technology

Soaring higher

Altitude has released H1 results for the period to 30 September 2022 showing a robust expansion of its Services and Merchenting programmes. The Group has grown its global AIM Smarter membership, increased average revenue per member, and expanded Merchenting by recruiting more high-quality sales affiliates. Last week's revenue and profit upgrades highlight strong ongoing momentum from Altitude. We continue to believe the Group is well placed for accelerated future revenue growth, with operational gearing providing substantial drop through to earnings. The average of our valuation estimates is now 51.1p, 49.2% upside to last night's closing price.

- H1 results:** Group revenue in H1 2023 increased 29.3% to £7.7m, demonstrating the strength of the underlying business and demand in the US promotional products industry. Within this, Services revenue grew 36.5% to £3.9m in H1 2023, driven by greater revenue per member and favourable exchange rates. Global AIM Smarter membership in H1 2023 grew to 2,425 (H1 2022: 2,200). Merchenting revenue, where Altitude acts as the principal, grew 22.8% to £3.8m as the Group attracted and onboarded high-quality affiliates (who act as sales agents to procure sales). The Group has also signed three new partners in the education sector, with an improving pipeline in this adjacent market. Group adjusted EBITDA (adjusted for share-based payments and exceptional items) increased 49.1%, showing how quickly revenue growth drops through to profit. This growth was without the £0.5m benefit received in H1 2022 for US Government Employee Retention Credit, meaning underlying performance was even stronger. Net cash (excl. leases) at 30 September 2022 was £0.8m and the Group still has access to an undrawn £700k credit facility to fund working capital growth, if required.
- Outlook and forecasts:** To date, Altitude has not experienced any adverse impacts from recent macroeconomic turbulence and is confident that FY23 EBITDA will be record breaking for the Group. Last week, explained in our [22 November note](#), we upgraded FY23 revenue by 18.8% to £16.5m and underlying EBITDA by 22.8% to £1.5m. Further increases to these forecasts could come from favourable FX movements, although our estimates are not predicated on this. Higher growth is forecast to continue into FY24, we therefore increased revenue by 21.1% to £23.7m and adjusted EBITDA by 13.6% to £1.8m. The Group has signed new Affiliates in H1 2023 that are expected to have a \$5m annualised revenue impact. With c. 40 Affiliates at the moment, Management has ambitions to increase this above 100. We continue to believe Altitude has a well-invested, scalable platform to materially grow revenue and earnings.
- Valuation:** Despite the positive share price reaction to last week's trading update, Altitude, at 1.4x FY23 EV/Sales, is still at a 31% discount to the average of UK small cap software and services peers (2.1x FY1). Applying the 2.1x peer mean EV/Sales multiple applied to FY23 sales, adjusted for FY22 net cash, results in a share price estimate of 49.3p for Altitude. We have updated our DCF analysis for latest forecasts and increased the discount rate from 10% to 12%, reflecting increases in interest rates since our March initiation. The result is a 22% increase in the DCF estimate from 42.2p to 51.4p per share. We also roll-forward our discounted medium-term valuation estimate, now 52.6p per share, assuming stronger growth in the years to FY26. The average of these three estimates is 51.1p, 49.2% upside to last night's closing price.

H1 results

Exhibit 1 summarises the results for the six months to 30 September 2022, in comparison to the same period in 2021. The major movements and drivers are discussed below.

Exhibit 1: H1 results summary

6m to 30 Sep (£'m)	H1 2023A	H1 2022A	Var. (%)
North America - Services	3.2	2.2	42.9
North America - Merchandising	3.8	3.1	22.8
UK & Europe - Services	0.7	0.6	12.4
Total revenue	7.7	5.9	29.3
Gross profit	3.9	2.8	39.5
Gross margin (%)	51.4	47.7	3.8pp
Adj. EBITDA	0.8	0.5	49.1
Adj. PBT	0.2	0.0	n/a
Adj. basic EPS (continuing ops) (GBp)	0.44	0.18	144.8
Net cash (excl. IFRS 16 leases)	0.8	0.8	8.0

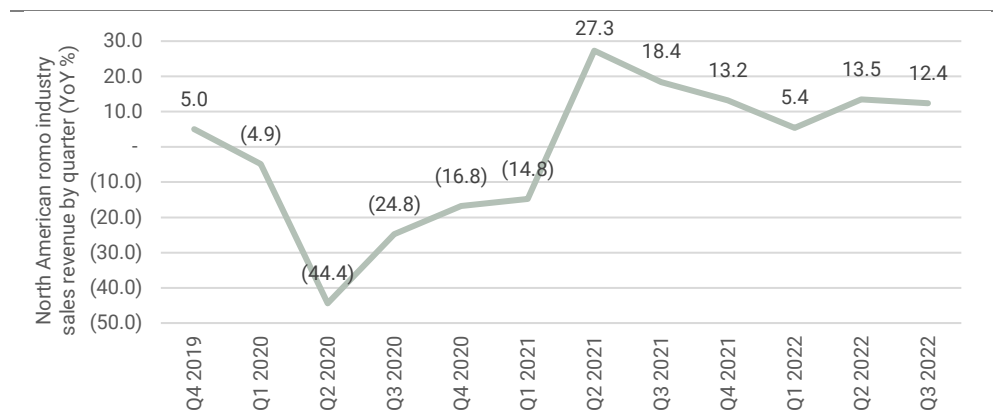
Source: Company information

Revenue

Total revenue in H1 2023 increased 29.3% to £7.7m, showing robust organic growth over the prior year comparator.

Total Services revenue increased 36.5% to £3.9m, driven by an increase in global AIM membership (H1 2023: 2,425, H1 2022: 2,200), upselling of services, and greater activity levels on the platform. Improvements to Group technology are increasing the efficiency of its platform and encouraging higher usage and throughput, driving revenue growth for Altitude. Demand has been robust in the US promotional products market, as has been confirmed in other company announcements, such as in 4imprint plc's c. 10% increase in FY22 revenue [guidance on 4 November](#). Exhibit 2 shows the wider North American promotional products industry sales growth from [the ASI](#), which increased by 13.5% and 12.4% year-over-year in Q2 2022 and Q3 2023, respectively. Altitude's 36.5% Services revenue growth is outstripping the market significantly, albeit part of this will be the tailwind from a stronger US dollar leading to higher reported GBP sales.

Exhibit 2: North American promotional product distributor sales – year-over-year growth per quarter



Source: Company information

Altitude also signed a new partnership agreement with United Franchise Group to provide technology solutions to its promotional product franchise division (Fully Promoted). It's expected that this will add c. 5% to the Group's user base, which is another factor to support our upgrade to forecasts from last week.

Merchanting revenue grew 22.8% to £3.8m. This was driven by greater recruitment of high-quality affiliates (sales professionals using Altitude technology to manage aspects of their operations). Favourable FX movements (a strong US dollar) also boosted sales reported in GBP. The Group estimates that c. \$5m of annualised revenue was added in H1 2023 through signing new affiliates, with much of the benefit expected in H2 2023 and FY24, thus supporting last week's upgrades. The Group has also continued to expand into the education sector and has added three new partners in this space – with an improving pipeline of new partners, we see this driving future growth.

Gross profit and margin

Total gross profit increased 39.5% to £3.9m, with gross margin improving 3.8pp from 47.7% to 51.4% because of faster growth in the higher margin Services segment. Services gross margin increased 1.3pp to 93.5% (H1 2022: 92.2%) due to a greater share of revenue coming from higher margin Vendor throughput commissions. Merchanting gross margins advanced 1.8pp to 9.0% (H1 2022: 7.2%), driven by Affiliates attracting greater Supplier revenues and growth from adjacent markets (education sector), which is higher margin.

Overheads and profitability

Adjusted EBITDA (adjusted for share-based payments and exceptional items) increased 49.1%, showing how quickly revenue growth drops through to profit. This growth was without the £0.5m benefit received in H1 2022 for US Government Employee Retention Credit, meaning underlying performance was even stronger. Without the removal of this £0.5m, underlying admin expenses increased only £0.15m in the period on a constant currency basis, demonstrating that Altitude can achieve material top-line growth without a proportional increase in overheads.

Finance costs remained low at £27k (H1 2022: £43k) as the Group is currently debt-free and has minimal leased assets. Depreciation and amortisation (excluding acquired intangibles) was also stable at £0.5m. This meant that underlying PBT increased c. £230k to £249k. Exceptional costs of £76k related to finance transformation projects and professional fees.

Cash flow and capex

The net operating cash outflow (pre-exceptional items) of £1.2m in H1 2022 reflected an increase in activity levels following Covid-19. Now Altitude's working capital conditions have normalised, with a H1 2023 net operating cash inflow of £0.4m. Net cash (excl. leases) at 30 September 2022 was £0.8m (H1 2022: £0.8m) and the Group still has access to an undrawn £700k credit facility to fund working capital growth, if required. We are confident the Group has a strong enough financial position and funding availability to continue to expand.

Valuation

Comparable company analysis

Based on Zeus forecasts, Altitude trades on an EV/Sales multiple of 1.4x FY23, falling to 0.8x by FY25. The one-year forward EV/Sales multiple is slightly above with the average of the four listed companies (1.2x FY1) in the promotional products and marketing space mentioned in our [initiation note](#). However, Altitude has a much higher forecast sales CAGR over the next three years, shown in Exhibit 3, meaning Altitude is at a c. 22% discount by FY25.

As previously discussed, 4imprint, Cimpress and Kin & Carta are not particularly close peers in terms of business model or revenue streams, albeit they are still exposed to similar macro drivers as Altitude (e.g. total promotional product spend). We therefore include a broader set of UK small-cap SaaS and application software businesses that have parallels to Altitude in terms of recurring revenues, scalability, and asset-light models. Against this comp set, Altitude is at a 31% discount on EV/Sales FY1, despite having much higher forecast revenue growth. At the 2.1x peer average EV/Sales applied to FY23 revenue forecasts, adjusted for FY22A net cash, Altitude would be worth 49.3p per share. As Altitude grows in scale, we would expect to start comparing the company to larger UK SaaS and application software businesses, with higher average multiples.

Exhibit 3: Comparable company analysis

Company	FY end	Mkt Cap (£m)	EV*/Sales (x) (excl. leases)			EV*/EBITDA (x) (excl. leases)			P/E (x)			Sales CAGR: FY0-FY3 (%)	EBITDA margin av. FY1-FY3 (%)
			FY1	FY2	FY3	FY1	FY2	FY3	FY1	FY2	FY3		
Promotional products and marketing services													
Pebble Group	Dec	144.0	1.1	1.0	1.0	8.2	7.5	7.3	15.6	14.8	14.1	8.4	13.4
4imprint Group	Dec	1,115.0	1.2	1.0	0.9	13.0	12.2	10.9	19.3	18.2	16.4	19.8	8.7
Cimpress	Jun	601.5	0.7	0.7	0.6	7.8	6.4	5.4	n/a	20.4	8.3	8.6	10.5
Kin & Carta	Jul	430.7	1.7	1.5	1.3	14.0	11.3	8.7	21.0	16.8	13.5	19.5	13.7
Average			1.2	1.1	1.0	10.8	9.4	8.1	18.7	17.6	13.1	14.1	11.6
UK small-cap SaaS and application software													
Access Intelligence	Nov	113.0	1.5	1.3	1.2	56.8	12.1	6.5	n/a	126.4	16.4	38.3	10.6
Blanco Technology	Jun	130.6	2.7	2.6	2.4	9.6	9.1	8.2	21.6	24.0	21.0	9.9	28.4
IQGEO Group	Dec	118.2	5.1	3.8	3.3	66.9	17.6	12.3	n/a	37.7	26.0	32.8	18.7
Eleco	Dec	58.2	1.7	1.6	1.5	9.3	9.2	7.6	25.9	25.9	16.3	4.3	18.8
Sopheon	Dec	62.2	1.4	1.2	n/a	10.2	8.6	n/a	133.0	57.9	n/a	n/a	14.0
Itim Group	Dec	16.9	0.8	0.6	0.5	27.1	9.9	5.4	n/a	n/a	36.0	16.1	6.3
Ingenta	Dec	20.1	1.5	1.4	n/a	8.2	8.7	n/a	15.2	14.8	n/a	n/a	17.2
Smartspace Software	Jan	12.4	1.6	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	(23.4)
Average			2.1	1.8	1.8	26.9	10.7	8.0	48.9	47.8	23.1	20.3	11.3
Altitude		24.3	1.4	1.0	0.8	16.1	13.0	9.2	35.8	28.8	17.6	37.4	8.2

*EV multiples in the table above are calculated using a static EV for all companies to aid comparison – this differs from the front-page summary where forecast movements in net cash change Altitude's EV over time.

Source: Bloomberg, Zeus estimates

Discounted cash flows (DCF) analysis

Exhibit 4 shows our updated DCF valuation analysis. This includes latest Zeus forecasts and is extended to a ten-year period. The assumed discount rate has increased from 10% to 12% to reflect higher interest rates. The net result is a 22% increase from our prior DCF valuation estimate from 42.2p to 51.4p per share.

The sensitivity of our estimate to changes in the perpetual growth rate and discount rate is shown in Exhibit 6. Reducing the discount rate to 10% would increase our valuation estimate by 39% to 71.6p.

Exhibit 4: DCF model

Year to 31 Mar (£'m)	FY 2023E	FY 2024E	FY 2025E	FY 2026E	FY 2027E	FY 2028E	FY 2029E	FY 2030E	FY 2031E	FY 2032E	FY 2033E
Revenue	16.5	23.7	31.0	39.5	49.1	59.6	70.4	81.2	91.0	99.3	105.3
Revenue growth (%)	38.1	44.1	30.5	27.4	24.4	21.3	18.3	15.2	12.2	9.1	6.1
Adjusted EBITDA	1.5	1.8	2.5	3.4	4.3	5.4	6.6	7.9	9.1	10.2	11.2
Operating margin (%)	8.8	7.6	8.2	8.5	8.8	9.1	9.4	9.7	10.0	10.3	10.6
Cash flow from operations	1.3	0.9	1.2	2.4	3.2	4.1	5.2	6.3	7.5	8.6	9.6
EBITDA conversion (%)	87.4	47.9	47.0	72.0	74.0	76.0	78.0	80.0	82.0	84.0	86.0
Net capex	(0.8)	(0.9)	(0.9)	(1.1)	(1.4)	(1.7)	(2.0)	(2.4)	(2.6)	(2.9)	(3.1)
As % of revenue	4.9	3.8	2.9	2.9	2.9	2.9	2.9	2.9	2.9	2.9	2.9
Payment of lease liabilities	(0.2)	(0.2)	(0.2)	(0.2)	(0.2)	(0.2)	(0.2)	(0.2)	(0.2)	(0.2)	(0.2)
FCFF	0.3	(0.2)	0.1	1.1	1.6	2.2	2.9	3.7	4.6	5.5	6.3
Discount Factor		0.9	0.8	0.7	0.6	0.6	0.5	0.5	0.4	0.4	0.3
Year		1.0	2.0	3.0	4.0	5.0	6.0	7.0	8.0	9.0	10.0
Discounted Cash Flow		(0.2)	0.1	0.8	1.0	1.2	1.5	1.7	1.9	2.0	2.0

Source: Zeus estimates

Exhibit 5: DCF summary

Valuation Summary	£'m
Discounted terminal value	23.3
Sum of discounted cash flows	11.9
Total NPV of cashflows	35.3
Net cash (FY23E)	1.2
Implied Equity value	36.4
Basic share count (m)	70.8
Implied share price (GBP)	51.4
Current share price (GBP)	34.3
% upside	50.1

Source: Zeus estimates

Exhibit 6: DCF sensitivity analysis

Growth (%)	Discount rate (%)				
	10.0	11.0	12.0	13.0	14.0
4.0	83.2	68.5	57.6	49.3	42.7
3.5	76.9	64.0	54.3	46.8	40.8
3.0	71.6	60.1	51.4	44.6	39.0
2.5	66.9	56.7	48.8	42.5	37.4
2.0	62.8	53.7	46.5	40.7	36.0

Source: Zeus estimates

Medium-term valuation analysis

We have updated our medium-term valuation estimate to increase targets for AIM members, revenue per member, and Merchanting sales, showing year-over-year progress from our FY25 forecasts. We have also reduced the EV/EBITDA multiple from 15.0x to 12.5x to reflect the multiple compression see throughout this year in the face of higher interest rates and slowing economic growth. The result is a medium-term valuation estimate of 65.8p, or 52.6p when discounted back at 10% from the start of FY26 to today.

Exhibit 7: Medium-term valuation analysis

Year to 31 March (£'m)	Assumption	FY26E
AIM US members	2,651	
<i>US member growth CAGR from FY22A (%)</i>	6.0	
Revenue per AIM US member (£)	3,032	
<i>US revenue per member CAGR from FY22A (%)</i>	5.5	
North America Services revenue		8.0
North America Merchanting revenue		30.0
AIM UK members	352	
<i>UK member growth CAGR from FY22A (%)</i>	2.0	
Revenue per AIM UK member (£)	4,372	
<i>UK revenue per member CAGR from FY22A (%)</i>	5.0	
Europe and UK Services revenue		1.5
Total revenue		39.6
<i>North America Services gross margin (%)</i>	90.0	
<i>North America Merchanting gross margin (%)</i>	10.0	
<i>Europe and UK Services gross margin (%)</i>	95.0	
Gross profit		11.7
<i>Adjusted EBITDA margin (%)</i>	9.0	
Adjusted EBITDA		3.6
EV/EBITDA multiple (x)	12.5	
EV at 12.5x adjusted EBITDA		44.5
Net cash estimate		2.0
Medium-term equity value		46.5
Basic share count (m)		70.7
Medium-term per share valuation estimate (GBP)		65.8
Discount factor (at 10%)		0.80
Discounted medium-term estimate (GBP)		52.6

Source: Zeus estimate

Valuation summary

The average of our three valuation techniques is 51.1p, providing 49.2% upside to last night's closing price.

The Numbers

Exhibit 8: Income statement

Year end 31 March (£'m)	2018A 12 months	2019/20A 15 months	2021A 12 months	2022A 12 months	2023E 12 months	2024E 12 months	2025E 12 months
Revenue	2.9	8.3	7.7	11.9	16.5	23.7	31.0
% growth		187.6	(7.2)	54.9	38.1	44.1	30.5
Cost of sales	(0.8)	(0.9)	(2.1)	(5.8)	(9.0)	(15.0)	(20.8)
Gross profit	2.1	7.5	5.6	6.2	7.5	8.7	10.1
Gross margin (%)	73.1	89.8	72.3	51.5	45.3	36.8	32.7
Underlying admin expenses	(3.0)	(7.0)	(5.0)	(5.1)	(6.0)	(6.9)	(7.6)
Adjusted EBITDA	(0.9)	0.5	0.6	1.1	1.5	1.8	2.5
Depreciation and amortisation (excl. acquired)	(0.7)	(1.0)	(1.1)	(0.9)	(0.9)	(0.9)	(0.9)
Adjusted EBIT	(1.6)	(0.5)	(0.5)	0.2	0.6	0.9	1.6
Finance charges	(0.0)	(0.1)	(0.1)	(0.1)	(0.0)	(0.0)	(0.0)
Adjusted PBT	(1.6)	(0.6)	(0.6)	0.1	0.5	0.9	1.6
Share based payments	(0.7)	(1.4)	(0.5)	0.1	(0.7)	(0.7)	(0.7)
Amortisation of acquired intangibles	(0.0)	(0.2)	(0.1)	(0.1)	(0.2)	(0.2)	(0.2)
Exceptional items	(0.4)	(0.4)	(0.0)	(0.2)	-	-	-
Reported PBT	(2.7)	(2.7)	(1.3)	(0.2)	(0.3)	0.0	0.8
Taxation	0.4	0.3	0.2	0.3	0.2	(0.0)	(0.2)
Profit/(loss) from continuing operations	(2.3)	(2.4)	(1.1)	0.1	(0.2)	0.0	0.6
Loss on discontinued operation	(0.2)	(3.3)	(0.1)	-	-	-	-
Profit/(loss) attributable to shareholders	(2.5)	(5.7)	(1.2)	0.1	(0.2)	0.0	0.6
Other comprehensive income	(0.1)	0.1	(0.7)	0.3	-	-	-
Total comprehensive profit/(loss)	(2.6)	(5.7)	(1.9)	0.4	(0.2)	0.0	0.6
Basic weighted average number of shares (m)	53.6	68.1	69.9	70.7	70.8	72.3	73.8
Effect of dilution	1.5	1.8	-	0.3	2.0	2.0	2.0
Diluted weighted average number of shares (m)	55.1	69.9	69.9	71.0	72.8	74.3	75.8
Basic EPS (continued operations)	(4.32)	(3.51)	(1.56)	0.14	(0.24)	0.02	0.82
Basic EPS (discontinued operations)	(0.41)	(4.90)	(0.19)	-	-	-	-
Diluted EPS (continued operations)	(4.20)	(3.42)	(1.56)	0.14	(0.24)	0.02	0.80
Diluted EPS (discontinued operations)	(0.40)	(4.77)	(0.19)	-	-	-	-
Basic adjusted EPS (continued operations)	(2.18)	(0.53)	(0.52)	0.48	0.98	1.22	2.00
Diluted adjusted EPS (continued operations)	(2.12)	(0.52)	(0.52)	0.48	0.96	1.19	1.94

Source: Company information and Zeus estimates

Exhibit 9: Balance sheets

As at (£'m)	31 Dec 2018A	31 Mar 2020A	31 Mar 2021A	31 Mar 2022A	31 Mar 2023E	31 Mar 2024E	31 Mar 2025E
Property, plant & equipment	0.3	0.2	0.1	0.1	0.2	0.2	0.3
Right of use assets	-	1.0	0.7	0.6	0.5	0.4	0.3
Intangible assets	1.1	2.8	2.5	2.5	2.4	2.3	2.3
Goodwill	0.6	3.1	2.7	2.8	2.8	2.8	2.8
Deferred tax assets	0.4	0.5	0.4	0.4	0.4	0.4	0.4
Non-current assets	2.4	7.5	6.4	6.4	6.3	6.2	6.1
Inventory	1.5	-	-	0.0	0.1	0.2	0.3
Assets classified as HFS	-	0.7	-	-	-	-	-
Trade receivables	0.7	0.8	0.5	0.8	1.6	2.9	3.7
Accrued income	-	1.4	1.7	2.6	2.7	2.9	3.8
Prepayments and other debtors	0.3	0.6	0.2	0.4	0.4	0.4	0.4
Corporation tax receivable	0.5	0.0	0.2	0.0	0.0	0.0	0.0
Cash and cash equivalents	0.4	2.4	2.1	0.9	1.2	0.9	1.0
Current assets	3.3	5.8	4.7	4.8	6.0	7.4	9.4
Total assets	5.8	13.3	11.1	11.3	12.3	13.6	15.5
Trade payables	(0.7)	(1.1)	(0.5)	(0.4)	(1.8)	(2.5)	(3.2)
Other taxes and social security	(0.2)	(0.3)	(0.8)	(0.5)	(0.5)	(0.5)	(0.5)
Accruals	(0.2)	(0.3)	(0.7)	(1.0)	(0.3)	(0.3)	(0.3)
Deferred income	(0.3)	(1.0)	(0.2)	(0.2)	(0.2)	(0.2)	(0.2)
Lease liabilities	-	(0.2)	(0.1)	(0.2)	(0.2)	(0.2)	(0.2)
Current liabilities	(1.5)	(2.9)	(2.4)	(2.3)	(2.9)	(3.6)	(4.2)
Lease liabilities	-	(0.9)	(0.5)	(0.5)	(0.4)	(0.3)	(0.1)
Deferred tax liability	-	(0.5)	(0.4)	(0.4)	(0.4)	(0.4)	(0.4)
Non-current liabilities	-	(1.3)	(0.9)	(0.9)	(0.7)	(0.6)	(0.5)
Total liabilities	(1.5)	(4.2)	(3.3)	(3.2)	(3.7)	(4.2)	(4.7)
Net assets	4.2	9.1	7.8	8.1	8.7	9.4	10.7
Called up share capital	0.2	0.3	0.3	0.3	0.3	0.3	0.3
Share premium account	11.0	20.1	20.2	20.2	20.9	21.6	22.4
Retained losses	(7.0)	(11.3)	(12.6)	(12.4)	(12.5)	(12.5)	(11.9)
Total equity	4.2	9.1	7.8	8.1	8.7	9.4	10.7

Source: Company information and Zeus estimates

Exhibit 10: Cash flow

Year end 31 March (£'m)	2018A 12 months	2019/20A 15 months	2021A 12 months	2022A 12 months	2023E 12 months	2024E 12 months	2025E 12 months
Cash flows from operating activities							
(Loss)/profit after tax - continuing operations	(2.7)	(2.4)	(1.1)	0.1	(0.2)	0.0	0.6
(Loss)/profit after tax - discontinued operations	(0.2)	(3.3)	(0.1)	-	-	-	-
Amortisation	0.7	1.0	1.0	0.8	0.8	0.8	0.8
Depreciation	0.1	0.5	0.2	0.2	0.2	0.2	0.2
Non-cash exceptional items	-	-	-	0.1	-	-	-
Share-based payment charges	0.7	1.4	0.5	(0.1)	0.7	0.7	0.7
Impairment of assets HFS	-	2.2	-	-	-	-	-
Tax charge/(credit)	0.0	(0.3)	(0.2)	(0.3)	(0.2)	0.0	0.2
Interest expense	-	0.1	0.1	0.1	0.0	0.0	0.0
Movement in inventory	0.2	(0.3)	-	(0.0)	(0.1)	(0.1)	(0.1)
Movement in trade and other receivables	0.5	(2.2)	0.7	(1.4)	(0.9)	(1.5)	(1.8)
Movement in trade and other payables	(1.3)	0.3	(0.7)	(0.1)	0.6	0.7	0.7
Tax received/(paid)	-	0.6	0.0	0.4	0.2	(0.0)	(0.2)
Net cash flow from operating activities	(2.1)	(2.3)	0.4	(0.2)	1.3	0.9	1.2
Cash flows from investing activities							
Purchase of tangible assets	(0.3)	(0.2)	0.0	(0.1)	(0.1)	(0.1)	(0.1)
Purchase of intangible assets	(0.8)	(0.8)	(0.7)	(0.8)	(0.7)	(0.8)	(0.8)
Proceeds on disposal of trade and assets	-	0.4	0.3	-	-	-	-
Net cash outflow from acquisition of trade and assets	-	(3.4)	-	-	-	-	-
Net cash flow from investing activities	(1.1)	(4.0)	(0.3)	(0.9)	(0.8)	(0.9)	(0.9)
Cash flows from financing activities							
Repayment of borrowing	-	(0.1)	0.1	-	-	-	-
Repayment of leases	-	(0.3)	(0.2)	(0.2)	(0.2)	(0.2)	(0.2)
Interest paid	-	(0.1)	(0.0)	(0.0)	-	-	-
Issue of shares for cash (net of expenses)	1.6	8.6	0.1	0.0	-	-	-
Net cash flow from financing activities	1.6	8.1	(0.0)	(0.2)	(0.2)	(0.2)	(0.2)
Net increase/(decrease) in cash and cash equivalents	(1.5)	1.8	0.1	(1.2)	0.3	(0.2)	0.1
Exchange differences	-	0.1	(0.3)	0.1	-	-	-
Opening cash and cash equivalents	2.0	0.4	2.4	2.1	0.9	1.2	0.9
Closing cash and cash equivalents	0.4	2.4	2.1	0.9	1.2	0.9	1.0

Source: Company information and Zeus estimates

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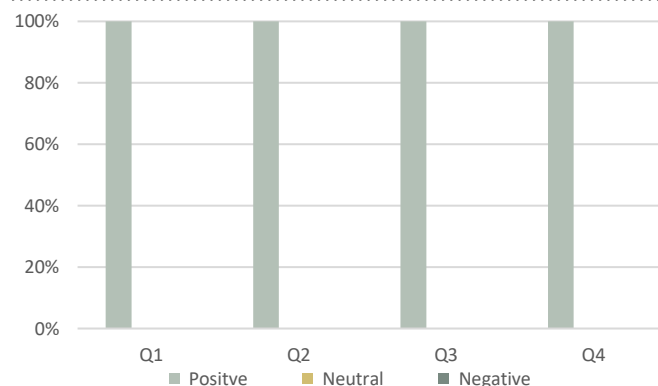
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