

19 November 2021

Northamber PLC
(the “Company” or the “Group”)

Preliminary Results for the year ended 30 June 2021

Chairman’s Statement

Results

Building on a profitable first half of the year, we are very pleased to be able to report an operating profit and strong growth for the full financial year to 30 June 2021. This was driven by significant growth in revenues and gross margins despite challenging market conditions.

As mentioned in prior statements regarding our early decision to stay true to our values and prioritise our team and partners by avoiding any furlough or COVID related cuts, we also maintained our focus on mid-long term over short term and invested further in growing our teams, all of which has proven fruitful.

Revenues increased 13.57% for the year from £52.83 million to £60.01 million for the comparative period last year. £3.32 million of this growth was due to the inclusion of Audio Visual Material Limited “AVM” for a full year rather than 5 months in the comparative period with the remaining £3.86 million from organic growth. More significantly, this revenue growth was combined with a significant increase in Gross Margin, the cumulative effect of which was to increase Gross Profit by £2.33 million, from £5.48 million to £7.81 million, an increase of 42.52%. The improvement in Gross Margin resulted from our evolving product mix towards higher margin, more technical products through Northamber and AVM.

Previously discussed lockdown challenges continued to impact performance in some of our strategic higher margin business units and our subsidiary AVM. Site restrictions eased through the year however, and we saw improved trading in these areas. As such we are hopeful performance will continue to improve here in the current financial trading year.

Whilst we were very pleased with the double digit revenue and gross profit growth, we maintained our focus on investing for the future. This investment is focused on developing the business for the mid-long term whilst driving efficiency and cost management.

Our strategy of focusing on adding value to our partners by building an industry leading, knowledgeable team translated into an increased headcount for the period from 88 to 102; this combined with the impact of AVM being included for 12 months rather than for 5 months in the prior year, served to increase our distribution costs by 27.6% from £3.6 million to £4.6 million. Administrative costs increased by 8.8% as we continued to proactively manage non-essential costs from £2.61 million to £2.84 million.

The above resulted in an operating profit of £0.38 million, an increase of £1.12 million from the adjusted operating profit for the prior year.

Financial position

Our balance sheet remains strong with £6.2 million of unencumbered freehold properties at depreciated cost together with cash balances of £7.45 million (2020: £10.97 million).

Stock levels are higher than last year at £8.5 million against £5.9 million, as we continued to seek to profitably support our partners by maintaining sufficient stock during the uncertainty of logistics due to Covid-19 and BREXIT as supply chains were under pressure. We see our flexibility on local stock levels as a key driver of our strong future with our partners.

Net Assets at 92.1p per share (2020: 91.5p per share) are considerably in excess of the average price of the Company’s ordinary shares throughout the period.

Board appointments

In April 2021, Antony Lee joined the Board as Finance director and Riccardo Reggio also joined as a non-executive director.

Dividend

The Board is pleased to recommend (subject to shareholder approval at the company annual general meeting on 21 December 2021) a proposed final dividend of 0.4p (2020:0.3p).

This reflects the Board's confidence in the group's financial position and the strength of the group's debt free tangible asset strong balance sheet.

The final dividend will be paid on 19 January 2022 to the shareholders on the register on 17 December 2021.

Staff

We remain extremely grateful and proud of our team who have been a recognized differentiator in our business for decades. We have been working hard to keep our proactive, passionate and customer centric culture as we scale the team and have been pleased to see how well new team members have integrated into the business. We remain incredibly grateful to our team and will continue to invest in our staff to support our evolving business model as we continue to focus on value add. The quality of our team is evident in delivering these growth figures despite significant changes in working environment, significant recruitment to the team and unpredictable market forces.

Outlook

The addition of new Supplier partners during the year supports our mid-long term optimism.

We will continue to utilise the strength of our balance sheet to do what is best for the business strategically whether that is tactical actions such as increasing our stock levels to pre-empt shortages or continuing to review organic and non-organic opportunities for growth which meet our strict criteria and add value for our shareholders.

Whilst there are a number of factors such as Brexit, the continued impact of shipping and product constraints, together with the future uncertainty of Covid and any further lockdowns, we remain cautiously optimistic that the investments we have made in our team and in supporting our partners will allow us to continue our growth over the coming years.

We necessarily remain cautious due to the factors outside our control but feel strongly that our continued focus on strategic higher margin value categories provides a solid road map for the future with profitable growth opportunities and the ability to unlock long term value for shareholders.

C.M. Thompson

Chairman
18 November 2021

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CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30 June 2021

	Notes	2021 £'000	2020 £'000
Revenue	2	60,009	52,835
Cost of sales		(52,200)	(47,357)
Gross Profit		7,809	5,478
Distribution costs		(4,595)	(3,601)
Administrative costs		(2,837)	(2,613)
Administrative costs – Exceptional acquisition costs		-	(220)
Other income – Exceptional gain on disposal of property		-	10,804
Operating profit		377	9,848
Adjusted Operating Profit		377	(736)
Exceptional items		-	10,584
Operating profit		377	9,848
Finance income		8	92
Finance cost		-	(15)
Profit before tax		385	9,925
Tax charge		(48)	(1,413)
Profit for the year and total comprehensive income attributable to the owners		337	8,512
Basic and diluted profit per ordinary share	3	1.24p	31.16p

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2021

	2021 £'000	2020 £'000
Non current assets		
Property, plant and equipment	7,079	7,184
Goodwill and intangible assets	1,365	1,421
	8,444	8,605
Current assets		
Inventories	8,468	5,948
Trade and other receivables	10,753	7,750
Cash and cash equivalents	7,449	10,968
	26,670	24,666
 Total assets	 35,114	 33,271
 Current liabilities		
Trade and other payables	(9,866)	(6,943)
Corporation tax payable	(159)	(1,413)
	(10,025)	(8,356)
 Net assets	 25,089	 24,915
 Equity		
Share capital	272	272
Share premium account	5,734	5,734
Capital redemption reserve	1,514	1,514
Retained earnings	17,569	17,395
	25,089	24,915
 Equity shareholders' funds attributable to the owners of the parent	 25,089	 24,915

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

At 30 June 2021

	Share Capital £'000	Share Premium Account £'000	Capital Redemption Reserve £'000	Treasury shares £'000	Retained Earnings £'000	Total Equity £'000
Balance at 1 July 2019	273	5,734	1,513	(7)	9,122	16,635
Dividends	-	-	-	-	(164)	(164)
Purchase and cancellation of shares	(1)		1	-	(68)	(68)
Purchase of treasury shares	-			7	(7)	-
Transactions with owners	(1)	-	1	7	(239)	(232)
Profit and total comprehensive income for the year	-	-	-	-	8,512	8512
Balance at 30 June 2020	272	5,734	1,514	-	17,395	24,915
Dividends	-	-	-	-	(163)	(163)
Transactions with owners	-	-	-	-	(163)	(163)
Profit and total comprehensive income for the year	-	-	-	-	337	337
Balance at 30 June 2021	272	5,734	1,514	-	17,569	25,089

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 30 June 2021

	2021	2020
	£'000	£'000
Cash flows from operating activities		
Operating profit from continuing operations	377	9,848
Depreciation of property, plant and equipment	350	228
Amortisation of intangible assets	56	-
Profit on disposal of property, plant and equipment	(13)	(10,982)
Operating Profit/ (loss) before changes in working capital	770	(906)
(Increase) in inventories	(2,520)	(2,039)
(Increase)/decrease in trade and other receivables	(3,003)	2,899
Increase/(decrease) in trade and other payables	2,923	(1,172)
Cash used in operations	(1,830)	(1,218)
Income taxes paid	(1,302)	-
Net cash used in operating activities	(3,132)	(1,218)
Cash flows from investing activities		
Interest received	8	92
Proceeds from disposal of property	17	16,400
Purchase of property, plant and equipment	(249)	(5,370)
Purchase of AVM Limited	-	(2,135)
Net cash (used in)/generated from investing activities	(224)	8,987
Cash flows from financing activities		
Dividends paid to equity shareholders	(163)	(164)
Interest paid	-	(15)
Purchase of cancellation of shares	-	(68)
Net cash used in financing activities	(163)	(247)
Net (decrease)/increase in cash and cash equivalents	(3,519)	7,522
Cash and cash equivalents at beginning of year	10,968	3,446
Cash and cash equivalents at end of year	7,449	10,968

Notes

1. Financial information

This financial information is consistent with the consolidated financial statements of the group for the year ended 30 June 2021. The group's consolidated financial statements have been prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006.

The financial information set out above does not constitute the group's statutory accounts for the years ended 30 June 2020 or 30 June 2021, but is derived from those accounts. The statutory accounts for the year ended 30 June 2020 have been delivered to the Registrar of Companies and those for 2021 will be delivered following the group's annual general meeting. The auditor's report on the 2021 accounts will be unqualified, will not include references to any matters to which the auditors drew attention by way of emphasis without qualifying their reports, and will not contain statements under s.498(2) or (3) of the Companies Act 2006. The information contained in this statement does not constitute statutory accounts within the meaning of section 434 of the Companies Act 2006.

2. Revenue

Although the sales of the group are predominantly to the UK there are sales to other countries and the following table sets out the split of the sales for the year. Revenue is attributed to individual countries based on the location of the customer. There are no non-current assets outside the UK.

Revenues comprise:	2020	2020
	£'000	£'000
Revenue from contracts with customers - UK	59,137	52,391
-other	872	444
	<u>60,009</u>	<u>52,835</u>

No customer accounted for more than 10% of the group's revenue for the year.

3. Profit per ordinary share

The calculation of the basic and diluted earnings per share is based on the following data:

	2021	2020
	£'000	£'000
Profit for the year attributable to equity holders of the parent company	<u>337</u>	<u>8,512</u>
Number of shares	2021	2020
	Number	Number
Weighted average number of ordinary shares for the purpose of basic and diluted earnings per share	<u>27,231,586</u>	<u>27,316,175</u>

4. Dividends

A final dividend of 0.4p per share will be paid on 19 January 2022 to those members on the register at close of business on 17 December 2021.

5. Notice of meeting

The annual report and accounts for the year ended 30 June 2021 will be posted to shareholders in due course and the Annual General Meeting will be held on 21 December 2021 at the Company's warehouse & logistics complex, Unit 3, Pagoda Park, Westmead Industrial Estate, Westmead Drive, Swindon, SN5 7UN.

The Company's registered office is Namber House, 23 Davis Road, Chessington, Surrey, KT9 1HS.