

21 November 2024

**Northamber PLC**  
**(the “Company” or the “Group”)**  
**Preliminary Results for the year ended 30 June 2024**

**Chairman’s Statement**

***Results***

During the year under review, Northamber took significant, exciting strategic strides forward that position the Group for a strong mid and long term performance, albeit the financial performance was disappointing.

Our continued focus on sustainable and healthy gross margin business yielded a record gross profit percentage of 14.4%, up from 13.3% for the prior year and continuing a trend of 3 years of gross margin increases. Some of this gross margin increase came as a result of exiting non-strategic commodity business which, when combined with a challenging macro-economic background resulted in a drop in revenue. The gross margin increase was also supported by the acquisition of leading UC&C distributor Tempura Communications Group at the end of April 2024 which was margin accretive and should support further healthy Group gross margins for the long term, with a more significant impact expected in the current financial year, its first full year of contribution.

Unfortunately, the revenue declines in the first half of FY2024 continued into the second half and overall revenue declined year on year from £67 million to £56 million (a 16% decline) as market challenges continued. The gross profit for the period declined £0.9m to £8m (a 9.7% decline).

During H2 FY2024 we maintained our market share position on key vendors and remain number 1 or number 2 for most of our key supplier franchises. We are therefore confident that as the market recovers from the continued economic downturn we will be in a strong position to capitalise on this. Our focus will remain on working with suppliers who offer a strong gross profit and strategic fit where we can add and capture value.

Following a change in management, we did initiate a number of strategies aimed at stimulating sales, but as these did not deliver the anticipated benefits, the Board took steps to re-balance the approach taken.

In addition, the Board made key strategic decisions to provide a strong foundation for sustainable and profitable growth from the current year onwards, including:

- The acquisition of the Tempura Communications Group, a leading Value-Add UC&C distributor based in Basingstoke, with a strong services experience and a presence in the Netherlands and Ireland which will enable us to grow our European presence. We have already invested in a sales team in the Netherlands and already have several leading franchises interested in partnering with us.
- The launch of a new ERP systems launched in the original Northamber trading business which encompasses all processes of the organisation from logistics to administration and sales. As is often the case with a new ERP system this had an impact on the business during transition but we see this new system as key to driving efficient scalability.

The ERP system roll out continued into the second half of the year with a new webstore which should also help us improve our customer experience for customers who prefer to procure online. We remain committed to a proactive, people-centric business model where we provide a flexible, value add approach but want to allow our customers to procure as they prefer.

We have also launched a CSOP share option scheme for all employees in the business; we see this as a strong mechanism for both rewarding our employees who play a key role in the value of our business as well as firmly aligning shareholder and employee interests by focusing all the team on shareholder value.

There were a number of exceptional costs tied to these and other changes totalling £387k, including £104k of exceptional recruitment or termination costs, £283k of acquisition and related costs. Our continued investment in improving and automating processes resulted in IT costs increasing to £231k up from £157k in the prior year.

After allowing for these exceptional costs combined with the reduction in Gross Profit this resulted in an adjusted EBTDA loss of £396K vs £3K profit on EBTDA for the prior year.

Shortly after the start of the current financial year, we announced the acquisition of Renaissance Contingency Services Limited, a value-add distributor of cyber security solutions and services in Ireland which as previously reported will:

- build on Northamber's almost 30 year heritage in Cyber Security; a core strategic focus area for the Group
- provide European expansion, especially into the Irish market, following the recent acquisition of Tempura Communications which has an Irish and Dutch Subsidiary;
- provide strong cross selling opportunities in Ireland with an enhanced offering in audio-visual, unified communications, and cyber solutions and services; and
- be value enhancing in the first full year of ownership (FY25), before consideration of potential synergies, with an expectation that it will be earnings enhancing from the second year of ownership (FY26)

## **Financial position**

We remain diligent in managing our balance sheet; whilst we have taken some debt we have done this in a flexible manner through invoice discounting to allow us to complete acquisitions and react to opportunities.

Cash reserves reduced from £5.5 million at 30 June 2023 to £4.7 million at 30 June 2024, due mainly to the acquisition of Tempura Communications for £3.3 million of cash with a further deferred consideration of £2.64 million based on performance over the next 3 years. The group has drawn £2.8 million of its invoice discounting facility. With Net Assets at £22.4 million, including two freehold properties, the Group's overall financial position remains very sound.

Group stock levels remained consistent at £11.8 million, up from £11.4 million the prior year albeit the £11.8 million includes the stock from Tempura Communications as well. Like for like stock levels reduced to £8.7 million.

Net Assets at 82 p per share are considerably in excess of the average price of the ordinary shares throughout the period.

## **Dividend**

The Board is proposing a final dividend of 0.3p, at a total cost of £82,240. The dividend will be paid on 17 January 2025 to shareholders on the register as at 13 December 2024.

## **Staff**

Our staff remain a key asset for the business and an area we continue to invest in. The team has continued to work hard to support our partners and each other. Our plans remain to continue to invest in our evolving business model by continuing to invest in building out the best team in the market to achieve our business evolution.

## **Outlook**

Following the period end, we have had a number of changes coming into effect. These include

- Acquisition of leading Irish cybersecurity value-add distributor - Renaissance Contingency Services Limited
- Investment in developing a Group wide services business under the Avail brand name that will unite expertise across Group companies in our AV, UC, Cyber security offerings and offer a consistent growth framework.
- A significant cost reduction exercise targeting £750,000 of annualised savings within Northamber Plc which will start to take effect from January 2025, with initial benefits seen in the current financial year, before becoming more fully realised in FY2026.
- Restructure of the senior management team.

We expect to see the benefit of the above in the current financial year, albeit more so in the second half. As it stands, despite a soft market impacting Q1 than anticipated, the Group is trading at an EBITDA positive level

year to date and is hopeful of delivering an EBITDA profit for the first half. Cost savings and the benefit from some new initiatives will benefit H2 and beyond.

Whilst we necessarily remain cautious short term as the UK market continues to be challenging, we believe we are well positioned to capture business as demand levels and business confidence hopefully return. Our wider geographic footprint and investment in strategic acquisitions should also serve to de-risk the Group.

Mid-term we are optimistic that our focus and investments will allow us to drive growth of strategic business units and therefore unlock long term value for shareholders.

The strength of our balance sheet allows us to continue to do what is best for the business strategically and we continue to review organic and non-organic opportunities for growth which meet our strict criteria and add value for our shareholders. We remain primarily interested in strategic acquisitions in technical, higher margin distributors who we can help scale and who re-enforce our strategic focus areas.

**Alexander Phillips**

**Chairman**

20 November 20

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**NORTHAMBER PLC**  
**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
**For the year ended 30 June 2024**

|  | Notes | 2024<br>£'000   | 2023<br>£'000  |
|--|-------|-----------------|----------------|
| <b>Revenue</b>   | 2     | 56,008          | 67,149         |
| Cost of sales  |       | (47,969)        | (58,243)       |
| <b>Gross Profit</b>  |       | <u>8,039</u>    | <u>8,906</u>   |
| Distribution costs   |       | (5,308)         | (5,907)        |
| Administrative costs   |       | (4,147)         | (3,491)        |
| <b>Operating Loss</b>  |       | <u>(1,416)</u>  | <u>(492)</u>   |
| Finance income   |       | 87              | 81             |
| Finance cost   |       | -               | -              |
| <b>Loss before tax</b>   |       | <u>(1,329)</u>  | <u>(411)</u>   |
| Tax expense  |       | -               | -              |
| <b>Loss for the year and total comprehensive income attributable to the owners</b> |       | <u>(1,329)</u>  | <u>(411)</u>   |
| <b>Basic and diluted Loss per ordinary share</b>                                   | 3     | <u>(4.85) p</u> | <u>(1.51)p</u> |

**NORTHAMBER PLC**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

At 30 June 2024

|  | 2024<br>£'000          | 2023<br>£'000          |
|--|------------------------|------------------------|
| <b>Non-current assets</b>  |                        |                        |
| Property, plant and equipment  | 5,835                  | 5,519                  |
| Intangible assets  | 3,933                  | 1,251                  |
|  | <u>9,768</u>           | <u>6,770</u>           |
| <b>Current assets</b>  |                        |                        |
| Inventories  | 11,838                 | 11,447                 |
| Trade and other receivables  | 12,107                 | 12,099                 |
| Cash and cash equivalents  | 4,687                  | 5,512                  |
|  | <u>28,632</u>          | <u>29,058</u>          |
| <b>Total assets</b>  | <u><b>38,400</b></u>   | <u><b>35,828</b></u>   |
| <b>Current liabilities</b>   |                        |                        |
| Trade and other payables   | (15,459)               | (11,951)               |
| Corporation tax payable  | -                      | -                      |
| <b>Non-current liabilities</b>   | (456)                  | -                      |
| Deferred tax liability   |                        |                        |
| <b>Total liabilities</b>   | <u><b>(15,915)</b></u> | <u><b>(11,951)</b></u> |
| <b>Net assets</b>  | <u><b>22,485</b></u>   | <u><b>23,877</b></u>   |
| <b>Equity</b>  |                        |                        |
| Share capital  | 274                    | 272                    |
| Share premium account  | 5,832                  | 5,734                  |
| Capital redemption reserve   | 1,514                  | 1,514                  |
| Retained earnings  | 14,865                 | 16,357                 |
| <b>Equity shareholders' funds attributable to the owners of the parent</b> | <u><b>22,485</b></u>   | <u><b>23,877</b></u>   |

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**At 30 June 2024**

|  | <b>Share<br/>Capital</b> | <b>Share<br/>Premium<br/>Account</b> | <b>Capital<br/>Redemption<br/>Reserve</b> | <b>Retained<br/>Earnings</b> | <b>Total<br/>Equity</b> |
|--|--------------------------|--------------------------------------|---|------------------------------|-------------------------|
|  | <b>£'000</b>             | <b>£'000</b>                         | <b>£'000</b>                              | <b>£'000</b>                 | <b>£'000</b>            |
| Balance at 1 July 2022                           | 272                      | 5,734                                | 1,514                                     | 16,931                       | 24,451                  |
| Dividends  | -                        | -                                    | -   | (163)                        | (163)                   |
| Transactions with owners                         | -                        | -                                    | -   | (163)                        | (163)                   |
| Loss and total comprehensive income for the year | -                        | -                                    | -   | (411)                        | (411)                   |
| Balance at 30 June 2023                          | 272                      | 5,734                                | 1,514                                     | 16,357                       | 23,877                  |
| Issue of Shares                                  | 2                        | 98                                   | -   | -                            | 100                     |
| Dividends  | -                        | -                                    | -   | (163)                        | (163)                   |
| Transactions with owners                         | 2                        | 98                                   | -   | (163)                        | (63)                    |
| Loss and total comprehensive income for the year | -                        | -                                    | -   | (1,329)                      | (1,329)                 |
| Balance at 30 June 2024                          | 274                      | 5,832                                | 1,514                                     | 14,865                       | 22,485                  |

**CONSOLIDATED STATEMENT OF CASH FLOWS**  
**For the year ended 30 June 2024**

|   | <b>2024</b><br><b>£'000</b> | <b>2023</b><br><b>£'000</b> |
|---|-----------------------------|-----------------------------|
| <b>Cash flows from operating activities</b>             |                             |                             |
| Operating Loss from continuing operations               | (1,416)                     | (492)                       |
| Depreciation of property, plant and equipment           | 180                         | 357                         |
| Amortisation of intangible assets                       | 128                         | 58                          |
| Profit on disposal of property, plant and equipment     | -                           | (74)                        |
|   | <hr/>                       | <hr/>                       |
| Operating loss before changes in working capital        | (1,108)                     | (151)                       |
| Decrease/(Increase) in inventories                      | 2,588                       | (798)                       |
| Decrease/(Increase) in trade and other receivables      | 2,193                       | (854)                       |
| (Decrease)/Increase in trade and other payables         | (3,942)                     | 1,622                       |
|   | <hr/>                       | <hr/>                       |
| Cash used in operations                                 | (269)                       | (181)                       |
| Income taxes paid                                       | -                           | (38)                        |
|   | <hr/>                       | <hr/>                       |
| Net cash used in operating activities                   | (269)                       | (219)                       |
| <b>Cash flows from investing activities</b>             |                             |                             |
| Interest received                                       | 87                          | 81                          |
| Proceeds from disposal of Property, plant and equipment | -                           | 1,475                       |
| Purchase of subsidiaries (net of cash acquired)         | (2,865)                     | -                           |
| Purchase of property, plant equipment                   | (40)                        | (358)                       |
| Purchase of software                                    | (395)                       | -                           |
|   | <hr/>                       | <hr/>                       |
| Net cash (used in )/generated from investing activities | (3,213)                     | 1,198                       |
| <b>Cash flows from financing activities</b>             |                             |                             |
| Dividends paid to equity shareholders                   | (163)                       | (163)                       |
| Interest Paid   | -                           | -                           |
| New invoice discounting facility                        | 2,820                       | -                           |
|   | <hr/>                       | <hr/>                       |
| Net cash generated from/(used in) financing activities  | 2,657                       | (163)                       |
| Net (decrease)/increase in cash and cash equivalents    | (825)                       | 816                         |
| Cash and cash equivalents at beginning of year          | 5,512                       | 4,696                       |
|   | <hr/>                       | <hr/>                       |
| Cash and cash equivalents at end of year                | 4,687                       | 5,512                       |

## Notes

### 1. Financial information

This financial information is consistent with the consolidated financial statements of the group for the year ended 30 June 2024. 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 2023 or 30 June 2024 but is derived from those accounts. The statutory accounts for the year ended 30 June 2023 have been delivered to the Registrar of Companies and those for 2024 will be delivered following the group's annual general meeting. The auditor's report on the 2024 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:                         | 2024<br>£'000 | 2023<br>£'000 |
|--|---------------|---------------|
| Revenue from contracts with customers - UK | 55,339        | 66,489        |
| -other                                     | 669           | 660           |
|  | <u>56,008</u> | <u>67,149</u> |

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

### 3. Loss per ordinary share

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

|  | 2024<br>£'000          | 2023<br>£'000          |
|--|------------------------|------------------------|
| Loss for the year attributable to equity holders of the parent company                             | <u>(1,329)</u>         | <u>(411)</u>           |
| <b>Number of shares</b>  | <b>2024<br/>Number</b> | <b>2023<br/>Number</b> |
| Weighted average number of ordinary shares for the purpose of basic and diluted earnings per share | <u>27,261,889</u>      | <u>27,231,586</u>      |

### 4. Dividends

A final dividend of 0.3p per share will be paid on 17 January 2025 to those members on the register at close of business on 13 December 2024.

### 5. Notice of meeting

The annual report and accounts for the year ended 30 June 2024 will be posted to shareholders in due course and the Annual General Meeting will be held on 19 December 2024.

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