

30 April 2024

Northamber PLC
("Northamber" or the "Company")

Acquisition of Tempura Companies

Northamber (AIM:NAR), a leading value-add AV & IT distributor, is pleased to announce that it has acquired, from Matthew Light (the "**Seller**"), Tempura Technology Limited ("**TTL**") and Tempura Communications Limited ("**TCL**") together with their respective subsidiaries (collectively "**Tempura**") pursuant to a share purchase agreement (the "**SPA**") that was exchanged and completed yesterday (the "**Acquisition**").

Tempura is a value-add distributor of unified communications including VoIP, connectivity, audio visual and video conferencing solutions in the UK, Ireland and the BeNeLux.

The total consideration for the Acquisition is up to £6.02 million in cash and, subject to the passing of the Resolutions and Admission (each as defined below), the issue and allotment to the Seller of 181,818 ordinary shares of 1 pence each in the capital of the Company ("**Ordinary Shares**").

Acquisition highlights

- Acquisition of Tempura, an established profitable, cash generative distributor of unified communications
- Track record of organic revenue growth, profitability and international operations
- Shared values of customer centricity, entrepreneurialism and technical value add
- Broad range of professional services ensure strong vendor partnership and customer longevity
- The board of directors of Northamber (the "**Board**") believe that the Tempura business is scalable with potential for strong organic growth
- Tempura has a diverse client base across varying business and sectors
- Subsidiaries in Ireland and the Netherlands broadens Northamber's reach beyond the current UK focus; this will be particularly valuable in a post Brexit environment to allow Northamber to better support customers with project roll outs
- In line with Northamber's strategy of building a leading industry position in technical value add distribution of Audio-Visual and Unified Communications, through organic growth and via strategic acquisitions
- The enlarged group will have a strong services focus as a technical distributor with strong gross margins

The Directors believe the Acquisition will:

- diversify the service offering of the Company through expansion into complementary markets;
- provide cross selling opportunities;
- provide a highly scalable business model with the opportunity to increase brand awareness; and
- enhance earnings per share in the first full year of ownership (FY25), before consideration of potential synergies.

Acquisition terms

Total consideration of up to £6.02 million, comprises:

- £3.28 million in cash ("**Initial Cash Consideration**") paid on completion of the Acquisition ("**Completion**").
- Subject to the passing of the Resolutions and Admission (each as defined below), £0.1 million through the issue of 181,818 Ordinary Shares (the "**Consideration Shares**") at an issue price of 55 pence per Consideration Share. The Consideration Shares will be subject to a 36 month lock in period during which the Consideration Shares cannot be sold or transferred other than in respect of typical carve outs.
- Performance based contingent consideration of up to a maximum of £2.64 million ("**Contingent Consideration**"), based on the EBITDA for three financial periods ending 30 June 2025, 2026 and 2027. If it becomes due, the Contingent Consideration will be paid in three instalments with the final payment due to be made following completion of the audit of the enlarged group's accounts for the financial year ended 30 June 2027.

The Company has secured new financing facilities from its bankers Barclays and the Initial Cash Consideration will be funded from Northamber's existing available cash and the new facilities. The Company anticipates that the Contingent Consideration will be paid in the same way.

The SPA contains certain customary warranties and tax indemnities given by the Seller in relation to Tempura and its business, subject to agreed limitations.

Following the Acquisition, the Tempura businesses will become wholly owned subsidiaries of the Company.

Matthew Light has agreed to continue with the business to assist initially with the integration of Tempura into the Northamber group and thereafter to drive growth in the Company's combined Unified Communications offering.

About Tempura

Tempura Communications was founded in 2002, with an initial focus specialising in IP infrastructure and telecom links, enabling solutions and providing access to products and services from leading Tier 1 ISPs to the reseller channel in the UK and Ireland. During 2008, Tempura launched its video conferencing offering, which has been underpinned and upgraded the portfolio by adding commercial display and professional audio solutions, in anticipation of the growth of videoconferencing usage in the UK. This led to a Unified Communications division with a range of professional Displays, Interactive Screens for Education and Corporate or specifically for Microsoft Teams and Zoom Rooms, Pro Audio solutions, Desktop and Room Cameras and Videoconferencing systems and accessories in support.

Over the years, Tempura has effectively enabled internet connectivity, Voice services and video conferencing solutions for varying businesses; from small businesses, to hotel chains, government departments and large well-known companies, through a network of partners from locally focused consultancy partners through to the largest Value added Resellers in the country and/or Internationally.

Located in Basingstoke, Tempura also has premises in Dublin and the Netherlands to provide simpler and faster access to Europe for its UK reseller base.

Tempura continues to lead in the distribution of Unified Communications including VoIP, connectivity, Audio Visual and video conferencing solutions supplying to over 1,500 resellers from a base of over 6500 partners in the UK, Ireland and the Netherlands.

Tempura supports 3 distinct areas: Networking/Connectivity, Voice/Telephony and Unified Communications, incorporating Audio Visual and Video; the range of professional services offered are based on best of breed products to create leading solutions our partner base can present to their customers with confidence.

Tempura Communications Ltd, operating within the UK for over 20 years, provides traditional distribution routes to market with value added reseller partners across the country and is the parent company of Tempura Communications Ireland Ltd, and Tempura Communications B.V. based in Dublin Ireland, and Oosterhout in Netherlands respectively. Tempura Ireland is now over 10 years old is focussed on the same portfolio specifically for Republic of Ireland market, with Tempura BV providing simplified deployment to UK resellers working with UK customers with overseas requirements in Europe as well as providing the same products and service categories as with the UK and Ireland to the Benelux based reseller community.

Tempura Technology Ltd, the parent company for Tempura Connect Ltd, was incorporated with its sole purpose in providing resellers with alternative billing options such as white labelled or contracted invoicing, DirectDebit payment processing and financial services such as asset leasing for their customers.

Based on unaudited management accounts, for the year ended 30 June 2023, Tempura had revenues of £14.61 million, EBITDA of £0.96 million and profits before tax of £0.81 million; net assets were £3.02 million. Similarly, for the 6 months ended 31 December, Tempura had revenues of £6.11 million, EBITDA of £0.91 million and profits before tax of £0.81 million; net assets were £3.78 million.

Strategic Rationale for the Acquisition

The Acquisition, which is in line with Northamber's strategy of building a leading industry position in Audio-Visual and Unified Communications through organic growth and via strategic acquisitions, is expected to be earnings enhancing in its first full year of ownership (FY June 2025), before consideration of potential synergies.

The Board believes that the terms of the Acquisition, and the valuation of Tempura, are attractive given the opportunities to diversify the Group's service offering through expansion into complementary markets, and to leverage existing resources to accelerate growth. The Board considers the Tempura business model to be highly scalable, and the Directors have identified the opportunity to increase brand awareness and accelerate organic growth through the application of additional sales and marketing resource available within the Group.

The acquisition of a well-established business with a strong team has the advantage of an existing client base, whilst expanding the Group's service offering and providing opportunities for sustained growth through marketing efforts, additional nationwide partners and cross-selling.

Matthew Light will retain his role with Tempura after Completion on a full time basis, to ensure optimum integration and will play a key role across Northamber.

General Meeting, Admission of Consideration Shares and Total Voting Rights

The issue of the Consideration Shares is conditional upon the approval by the Company's shareholders of the resolutions (the "**Resolutions**") to be proposed at a general meeting of the Company convened for 24 May 2024 (the "**General Meeting**") A circular containing a notice of the General Meeting will be posted later this week.

Application will be made to the London Stock Exchange for the admission of the Consideration Shares to trading on AIM in accordance with the AIM Rules for Companies ("**Admission**"). It is expected that Admission in respect of the Consideration Shares will become effective on or around 8.00 a.m. on 28 May 2024.

The Consideration Shares will rank *pari passu* with the existing Ordinary Shares. Following Admission of the Consideration Shares, the Company will have 27,413,404 Ordinary Shares in issue and no Ordinary Shares in treasury. Therefore, the total voting rights in the Company will be 27,413,404 Ordinary Shares.

This figure may be used by shareholders as the denominator for the calculation by which they may determine if they are required to notify their interest in, or any change to their interest in, the Company under the Disclosure Guidance and Transparency Rules of the Financial Conduct Authority.

Alex Phillips, Executive Chairman of Northamber, commented:

"We are delighted to welcome Matthew and the Tempura team into the Northamber group. Over the last 20 years they have established a very strong reputation for consistently delivering high-quality services and solutions greatly valued by customers.

We are excited by the opportunities that lay ahead as we continue to invest in profitable growth and offer our unique brand of services across the broadening customer base of the business, including particularly in international markets.

The Board believes that there is significant opportunity for further suitable acquisitions in the sector, which should generate additional value for Northamber's shareholders in the medium term."

Matthew Light, Managing Director of Tempura, stated:

"We see a great many synergies with Northamber, including its culture, products and services and I am pleased to be joining the senior management team of a founder friendly business and to become a shareholder in Northamber

senior management team of a junior, primary business and to become a shareholder in Northamber.

By becoming part of the Northamber group, we will be able to reinforce and broaden our offering to existing and new customers, driving growth of both Tempura and the current Northamber business, together with continued gross margin improvement, aided through shared best practices and general economies of scale linked by a common ethos and goal focused around service."

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