RNS Number : 3642C
Northamber PLC
27 March 2025

Northamber PLC
("Northamber" or the "Company" or the "Group")
Interim Report for the Six months to 31 December 2024

Chairman's Statement

Results
The Group now has over 80% of sales coming from Audio Visual, Cyber Security or Network Infrastructure; this is a significant evolution. Our acquisition of Tempura Communications (Tempura) in April 2024 (a Unified Communications and Pro Audio distributor) and Renaissance Contingency Services (RCS) in July 2024 (Cyber security distributor in Ireland) build on the existing businesses Northamber and its subsidiary AVM already have in these categories and will help continue our focus on specialisation. The acquisition of Epatra BV in the Netherlands in February 2025 will serve to further increase this focus.

Northamber continued to make significant strategic strides in the first half of the year as we work to ensure a strong mid and long term performance with a focus on higher margin, technical distribution. This focus combined with the benefits of recent acquisitions led to a modest increase in Group revenue to £32.1m (of which £8.7m arose from the acquisitions), up from £29.2m the prior year (+9.9%). More importantly, gross margin increased from £4.0m to £5.1m (+27.5%), reaching its highest percentage margin in many years of 16.1%, up from 14.0% prior year. This reflects our continued exit from, and deprioritizing of, low margin commodity business in legacy Northamber business and the clear strategic decision to focus on value add, higher margin, technical distribution supported by acquisitions and organic focus.

Our strategic acquisitions have bedded in well, with both Tempura and RCS profitable for the period under review. It is particularly pleasing to report that RCS has shown year-on-year growth and is now profitable, which further strengthens our position in this important market. The cross-selling opportunities that these acquisitions present are beginning to materialize with new territories added across the Group for a number of vendors, and we expect to see further benefits in the second half of the current financial year and into the next.

Whilst challenging market conditions remain in the UK, our continued focus on investing for the future means we are confident that when markets return to expected growth levels we should be well positioned to drive significant profitable and sustainable growth. Some examples of this include increasing our investment in professional services and rolling out our AVail+ services business across the UK subsidiaries and business units; a focus on growing services is expected to support partners and allow Northamber to benefit from higher margins and protection from commodity focused competitors.

Our European sales have seen significant growth, increasing from less than 2% to nearly 15% of our total sales with the additional sales due to the acquisition of Tempura and RCS, and we anticipate further growth following the acquisition of Epatra BV in the Netherlands.

Whilst we continue to invest in strategic areas we have also taken steps to address our cost base with annualised savings of £750K having been implemented through the first half with associated termination costs of £90K; we will see the benefit of these annual cost reliefs from the second half onwards. Tempura's leased Irish address has already been consolidated into the RCS Irish leased office. Tempura's owned Basingstoke office and demo centre in the UK will be consolidated with Northamber's Basingstoke office into a single larger leased Basingstoke office and demo centre that will allow us to better demonstrate and sell our higher margin technical AV products.

We closely track our position with our key supplier franchises and remain number 1 or number 2 for most of them so we are therefore confident that as the market recovers from these temporary hardships we will be in a strong position to capitalise.

Despite adding Tempura and Renaissance to the Group since this period last year, overall stock levels reduced from £10.3m in December 2023 to £9.9m as we continued to focus on cash utilisation.

The acquisition costs of Renaissance were £57K so together with the £90K of termination costs in the first half as previously advised the Group achieved an adjusted EBITDA profit of £66K versus a loss of £77K in the prior year. A £168k foreign exchange loss tied largely to exiting forward contracts inherited on the acquisition of Tempura Communications significantly reduced the EBITDA profit; without this Forex position, adjusted EBITDA excluding Forex would have been £234k profit.

In February, after the start of the second half, we announced the acquisition of Epatra BV, a value-add distributor of Audio Visual solutions and services in BeNeLux which as previously reported will:

- build on Northamber's Audio Visual business; a core strategic focus area for the Group
- provide a core engine for European expansion, especially into the BeNeLux market but providing scope to grow from there;
- provide strong cross selling opportunities across Epatra and the existing Group businesses as we look to introduce strategic vendors across the portfolio and build on our enhanced offering in audio-visual, unified communications, and cyber solutions and services; and

We remain committed to investing for the future, and our recent acquisitions, along with our focus on high-margin, technical distribution, position us well to capitalize on market opportunities as conditions improve.

Financial position

We remain diligent in managing our balance sheet with a focus on cash and stock. We have undertaken a number of acquisitions in a short time period as we identified opportunities to quickly and efficiently drive the business forward in strategic areas; these acquisitions were managed in a financially disciplined way with a focus on managing risk by including an earn out element where possible.

As stated above, we are pleased to have reduced stock levels year on year but we continue to recognize the importance to maintain strong stock holding for our partners as stock availability and supply chains remain fragile.

Cash reserves at £2.6 million were marginally up on the same period last year (£2.5 million). With Net Assets at £21.7 million, including two unencumbered freehold properties, the Group's overall financial position remains very sound.

Net Assets at 79.8p per share are considerably in excess of the average price of the ordinary shares throughout the period.

Dividend

As in previous years, your Board has had regard to the strength of our balance sheet and is proposing the interim dividend be 0.3p, at a total cost of £82,240. The dividend will be paid on 25 April 2025 to shareholders on the register as at 11 April 2025.

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 implemented a number of changes that were planned during the first half, including the acquisition of Epatra, as referenced above.

The focus on efficiency has continued with the consolidation in H2 of premises.

We necessarily remain cautious short term as the UK market continues to be challenging but industry analysts now expect a recovery through calendar year 2025, especially in the second half in demand levels as business confidence hopefully returns. Despite a challenging environment we remain committed to proactively finding opportunities.

In the mid-term we are cautiously 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.

shareholders.

Alexander Phillips

Chairman

27 March 2025

Contacts:

Northamber PLC investor_relations@northamber.com
Alexander Phillips, Chairman

Singer Capital Markets (Nominated Adviser and Sole Broker) Tel: +44 (0) 207 496 3000
Philip Davies
Finn Gordon

Northamber PLC

("Northamber" or the "Company" or the "Group")

Interim Report for the Six months to 31 December 2024

Consolidated Statement of Comprehensive Income
6 months to 31 December 2024

	6 months Ended 31.12.24 £'000 Unaudited	6 months Ended 31.12.23 £'000 Unaudited	Year Ended 30.06.24 £'000 Audited
Revenue	32,182	29,246	56,008
Cost of sales	(27,073)	(25,149)	(47,969)
Gross Profit	5,109	4,097	8,039
Distribution costs	(2,853)	(2,766)	(5,308)
Administrative costs	(2,742)	(1,796)	(4,147)
Operating Loss	(486)	(465)	(1,416)
Finance income	2	52	87
Finance cost	(114)	-	-
Loss before Tax	(598)	(413)	(1,329)
Tax expense	-	-	-
Loss for the period and total comprehensive income Attributable to the owners	(598)	(413)	(1,329)
Basic and diluted loss per ordinary share	(2.18p)	(1.52p)	(4.85p)

Consolidated Statement of Financial Position

As At 31 December 2024

	6 months Ended 31.12.24 £'000 Unaudited	6 months Ended 31.12.23 £'000 Unaudited	Year Ended 30.06.24 £'000 Audited
Non -current assets			
Property, plant and equipment	5,748	5,830	5,835
Intangible assets	4,128	1,203	3,933
	9,876	7,033	9,768
Current assets			
Inventories	9,893	10,301	11,838
Trade and other receivables	12,808	10,966	12,107
Cash and cash equivalents	2,640	2,534	4,687
	25,341	23,801	28,632
Total assets	**35,217**	**30,834**	**38,400**
Current liabilities			
Trade and other payables	(12,875)	(7,370)	(15,459)
Corporation tax payable	-	-	-
Non-current liabilities			
Deferred tax liability	(456)	-	(456)
Total liabilities	**(13,331)**	**(7,370)**	**(15,915)**
Net assets	**21,886**	**23,464**	**22,485**
Equity			
Share capital	274	272	274
Share premium account	5,832	5,734	5,832
Capital redemption reserve	1,514	1,514	1,514
Retained earnings	14,265	15,944	14,865
Equity shareholders' funds attributable to the owners of the parent	**21,886**	**23,464**	**22,485**

Consolidated Statement of Changes in Equity
As at 31 December 2024

	Share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Treasury Shares £'000	Retained earnings £'000	Total Equity £'000
Period to 31 December 2023 Unaudited						
Balance at 1 July 2023	272	5,734	1,514	-	16,357	23,877
Dividends	-	-	-	-	-	-
Loss and total comprehensive income for the period	-	-	-	-	(413)	(413)
Balance at 31 December 2023	272	5,734	1,514	-	15,944	23,464
Period to 31 December 2024 Unaudited						
Balance at 1 July 2024	274	5,832	1,514	-	14,865	22,485
Dividends	-	-	-	-	-	-
Loss and total comprehensive Income for the period	-	-	-	-	(598)	(598)
Balance at 31 December 2024	274	5,832	1,514	-	14,267	21,887

Year to 30 June 2024						
Audited						
Balance at 1 July 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 period	-	-	-	-	(1,329)	(1,329)
Balance at 30 June 2024	274	5,832	1,514	-	14,865	22,485

Consolidated Statement of Cash Flows

6 months to 31 December 2024

	6 months Ended 31.12.24 £'000 Unaudited	**6 months Ended 31.12.23 £'000 Unaudited**	**Year Ended 30.06.24 £'000 Audited**
Cash flows from operating activities			
Operating loss from continuing operations	(600)	(465)	(1,416)
Depreciation of property, plant and equipment	301	223	180
Amortisation of intangible assets	247	48	128
Profit on disposal of property, plant and equipment	-	-	-
Operating loss before changes in working capital	(52)	(194)	(1,108)
Decrease/(Increase) in inventories	1,946	1,146	2,588
Decrease/(increase) in trade and other receivables	(702)	1,133	2,193
(Decrease)/increase in trade and other payables	(2,584)	(4,581)	(3,942)
Cash generated/(used) from operations	(1,392)	(2,496	(269)
Income taxes paid	-	-	-
Net cash from operating activities	-1,392	-2,496	-269
Cash flows from investing activities			
Interest received	2	52	87
Interest paid	(114)	-	-
Purchase of subsidiaries (net of cash acquired)	(382)	-	(2,865)
Purchase of software	-	-	(395)
Purchase of property, plant and Equipment	(161)	(534)	(40)
Net cash from investing activities	(655)	(482)	(3,213)
Cash flows from financing activities			
Dividends paid to equity shareholders	-	-	(163)
New invoice discounting facility		-	2,820
Net cash used in financing activities	-	-	2,657
Net increase/(decrease) in cash and cash equivalents	(2,046)	(2,978)	(825)
Cash and cash equivalents at beginning of period	4,687	5,512	5,512
Cash and cash equivalents at end of period	2,640	2,534	4,687

Notes to the financial statements

1. Corporate Information

The financial information for the half year ended 31 December 2024 set out in this interim report does not constitute statutory accounts as defined in Section 434 of the Companies Act 2006. The auditor's report on the financial statements for the year ended 30 June 2024 was unqualified and did not contain statements under Sections 498(2) and 498(3) of the Companies Act 2006. The interim results are unaudited. Northamber Plc is a public limited company incorporated and domiciled in England and Wales. The Company's shares are publicly traded on the London Stock Exchange's AIM market.

2. Basis of preparation

These interim consolidated financial statements are for the six months ended 31 December 2024. They have been prepared in accordance with IAS34 Interim Financial Reporting. They do not include all the information required for full annual financial statements and should be read in conjunction with the consolidated financial statements of the group for the year ended 30 June 2024.

These interim consolidated financial statements (the interim financial statements) have been prepared in accordance with accounting policies adopted in the last annual financial statements for the year to 30 June 2024 except for the adoption of IAS1 Presentation of Financial Statements (Revised 2007).

The adoption of IAS1 (Revised 2007) does not affect the financial position or profits of the group but gives rise to additional disclosures. The measurement and recognition of the group's assets, liabilities, income and expenses is unchanged. A separate 'Statement of changes in equity' is now presented.

The accounting policies have been applied consistently throughout the group for the purposes of preparation of these interim consolidated financial statements.

3. Basis of Consolidation

The consolidated financial statements incorporate the financial statements of Northamber plc and entities controlled by Northamber plc. Control is achieved if all three of the following are achieved: power over the investee, exposure to variable returns for the investee, and the ability of the investor to use its power to affect those variable returns.

The results of subsidiaries are included in the consolidated statement of comprehensive income and consolidated statement of financial position.

The results of entities acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Where necessary, the accounts of the subsidiaries are adjusted to conform to the group's accounting policies. All intra-group transactions, balances, income and expenses are eliminated on consolidation.

4. Segmental Reporting

Although the sales of the group are predominantly to the UK there are sales to other countries and the following schedule sets out the split of the sales for the period. Revenue is attributable to individual countries based on the location of the customer. All non-current assets are located in the country of domicile.

	UK	Other	Total
	£'000	£'000	£'000
6 months to December 2024			
Total Segment revenue	27,476	4,706	32,182
Year to 30 June 2024			
Total Segment revenue	55,339	669	56,008

No customer accounted for more than 10% of the Group's revenue during the period.

5. Taxation

No tax charge has been provided in the interim consolidated financial statements due to the availability of carried forward losses.

6. Earnings per Share

The calculation of earnings per share is based on the Loss after tax for the six months to 31 December 2024 of £598,000 (2023: Loss £413,000) and a weighted average of 27,413,404 (2023: 27,231,586) ordinary shares in issue.

7. Risks and Uncertainties

The principal risks and uncertainties affecting the business activities of the group are detailed in the strategic report which can be found on pages 10 to 11 of the Annual Report and Accounts for the year ended 30 June 2024 (the Annual Report). A copy of the Annual Report is available on the company's web site at www.northamber.com.

The risks affecting the business remain the same as in the Annual Report. In summary these include: -

- Market risk particularly those relating to the suppliers of products to the group
- Financial risks including exchange rate risk, liquidity risk, interest rate risk and credit risk
- Inflationary risk

In the opinion of the directors, these will remain the principal risks for the remainder of the year, however, the directors have reviewed the company's risk analysis and are of the opinion that steps have been taken to minimise the potential impact of such risks.

9. Related Party Transactions

Mr A M Phillips is the ultimate controlling party of the Company.

During the six months period, the company paid £150,000 (2023: £150,000) rent to Anitass Limited, a wholly owned subsidiary. The company received £22,644 recharged salary costs (2023: £nill). At 31 December 2024 Northamber plc owed Anitass Ltd £9,372,796 (2023: £9,124,000).

During the six months period, the company received £12,000 (2023: £12,000) rent, £33,000 (2023: £33,000) management charge and £100,572 recharged salary costs (2023: £0) from Audio Visual Material Limited "AVM", a wholly owned subsidiary.

During the six months period, AVM purchased £292,707 (2023: £185,116) worth of goods from Northamber Plc and Northamber Plc purchased £219,766 (2023: £184,440) worth of goods from AVM. AVM owed £623,027 (2023: £45,086) to Northamber at 31 December 2024.

During the six months period, the company received £41,279 in recharged salary costs from Tempura Communication Limited, a wholly owned subsidiary.

During the six months period Tempura Communication Limited, purchased £38,745 worth of goods from Northamber Plc and Northamber Plc purchased £204,060 worth of goods from Tempura Communication Limited. Tempura Communication Limited owed £120,121 to Northamber at 31 December 2024.

During the six months period, the company received £19,904 in recharged salary costs from Renaissance Contingency Services, a wholly owned subsidiary.

10. Directors' Confirmation

The Directors confirm that to the best of their knowledge these condensed consolidated half year financial statements have been prepared in accordance with IAS 34 and that the interim management report herein includes a fair review of the information required by DTR 4.2.7R, an indication of important events during the first 6 months and descriptions of principal risks and uncertainties for the remaining six months of the year, and DTR 4.2.8R the disclosure of related party transactions and changes therein.