

**Northamber PLC**  
**(“Northamber” or the “Company” or the “Group”)**  
**Interim Report for the Six months to 31 December 2023**

**Chairman’s Statement**

***Results***

It is disappointing to report that we were not immune to the UK market challenges last half and saw a Gross Profit decline year on year. The broader macro-economic factors and market sentiment impacted our industry with industry analyst Context reporting UK distribution sales were circa 10% down July to December year on year with nuances by technology segment.

Despite further increasing our already strong gross margins by 10 bps to 14.0% (13.0% prior year), the reduction in group revenue from £33.6m to £29.2m meant a 5% decrease in Gross Profit of £0.2m to £4.0m. This class leading gross margin reflects the value add work we provide to our customers and suppliers and is a healthy indicator of our value add to the market. As a reminder, 4 years ago in December 2019 our gross margin was 8.8% and translated to £2.3 million of Gross Profit so we are confident that the business continues to evolve in the right direction despite market challenges

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

Softer demand resulted in slower stock turns, leading to an increase in stock at period end of £10.3m vs £9.6m the prior year We are proud of our role in supporting our customers and suppliers with having healthy stock availability but actively work on managing stock levels.

A new ERP systems was launched in the half across the Company which encompasses all elements 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 roll out has continued into the second half of the year with a new webstore due to go live in fiscal Q4 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.

Whilst costs reduced year on year by £76k in the half, the reduction in gross margins outweighed these savings and unfortunately resulted in a loss of £171K on Earnings Before Tax and Depreciation vs £15K loss for the prior year.

We are proud to have launched a CSOP share option scheme to 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.

We have continued to make in-roads to our key long term business categories that require and reward value add from distribution. This includes increasing our presence in Audio Visual & Unified Communications technology, Infrastructure Solutions, Document Management and Peripherals business.

**Financial position**

We remain diligent in managing our balance sheet and were pleased to be able to remain debt free. AS stated above softer demand led to an increase in stock levels year on year but stock reduced from £11.4 million at 30 June 2023 to £10.3 million at 31 December 2023. We recognise the importance to maintain

strong stock holding for our partners as stock availability and supply chains remain fragile at times so we accept fluctuations on stock levels when this makes commercial sense but we actively manage this

Cash reserves reduced from £5.5 million at 30 June 2023 to £2.5 million at 31 December 2023. With Net Assets at £23.9 million, including two unencumbered freehold properties, the Group's overall financial position remains very sound.

Net Assets at 88.8p 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 debt free, tangible asset strong balance sheet and is proposing the interim dividend be 0.3p, at a total cost of £81,695. The dividend will be paid on 26 April 2024 to shareholders on the register as at 12 April 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 that were planned during the period. These include bringing on a new Managing Director Jeremy Keefe who has significant experience in driving profitable growth in distribution & technology companies.

The focus on performance and efficiency, supported by a new systems, has driven a number of changes across team structures as well as condensing office space to right size for our needs whilst continuing to invest in growth.

We necessarily remain cautious short term as the UK market continues to be challenging but industry analysts expect a recovery through calendar year 2024 in demand levels as business confidence hopefully returns. Despite a challenging environment we remain committed to proactively finding opportunities.

Mid term we remain 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. 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**

**28 March 2024**

**Contacts:**

**Northamber PLC**

Alexander Phillips, Chairman

[investor\\_relations@northamber.com](mailto:investor_relations@northamber.com) Tel: +44 (0) 208 744 8200

**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 2023**

**Consolidated Statement of Comprehensive Income**  
**6 months to 31 December 2023**

	<b>6 months Ended 31.12.23 £'000 Unaudited</b>	<b>6 months Ended 31.12.22 £'000 Unaudited</b>	<b>Year Ended 30.06.23 £'000 Audited</b>
<b>Revenue</b>	29,246	33,626	67,149
Cost of sales	(25,149)	(29,251)	(58,243)
<b>Gross Profit</b>	<u>4,097</u>	<u>4,375</u>	<u>8,906</u>
Distribution cost	(2,766)	(2,878)	(5,907)
Administrative costs	(1,796)	(1,760)	(3,491)
<b>Loss from operations</b>	<u>(465)</u>	<u>(263)</u>	<u>(492)</u>
Finance income	52	13	81
<b>Loss before Tax</b>	<u>(413)</u>	<u>(250)</u>	<u>(411)</u>
Tax charge	-	-	-
<b>Loss and total comprehensive Income for the period</b>	<u>(413)</u>	<u>(250)</u>	<u>(411)</u>
Basic and diluted loss per ordinary share	(1.52p)	(0.92p)	(1.51p)

**Consolidated Statement of Financial Position  
As At 31 December 2023**

	<b>6 months Ended 31.12.23 £'000 Unaudited</b>	<b>6 months Ended 31.12.22 £'000 Unaudited</b>	<b>Year Ended 30.06.23 £'000 Audited</b>
<b>Non -current assets</b>			
Property, plant and equipment	5,830	5,516	5,519
Goodwill and intangible assets	1,203	1,279	1,251
	<u>7,033</u>	<u>6,795</u>	<u>6,770</u>
<b>Current assets</b>			
Inventories	10,301	9,588	11,447
Trade and other receivables	10,966	9,701	12,099
Cash and cash equivalents	2,534	6,055	5,512
	<u>23,801</u>	<u>25,344</u>	<u>29,058</u>
<b>Total assets</b>	<u><b>30,834</b></u>	<u><b>32,139</b></u>	<u><b>35,828</b></u>
<b>Current liabilities</b>			
Trade and other payables	(7,370)	(7,938)	(11,951)
Corporation tax payable	-	-	-
<b>Total liabilities</b>	<u><b>(7,370)</b></u>	<u><b>(7,938)</b></u>	<u><b>(11,951)</b></u>
<b>Net assets</b>	<u><b>23,464</b></u>	<u><b>24,201</b></u>	<u><b>23,877</b></u>
<b>Equity</b>			
Share capital	272	272	272
Share premium account	5,734	5,734	5,734
Capital redemption reserve	1,514	1,514	1,514
Retained earnings	15,944	16,681	16,357
<b>Equity shareholders' funds attributable to the owners of the parent</b>	<u><b>23,464</b></u>	<u><b>24,201</b></u>	<u><b>23,877</b></u>

**Consolidated Statement of Changes in Equity**  
**As at 31 December 2023**

	Share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Treasury Shares £'000	Retained earnings £'000	Total Equity £'000
Period to 31 December 2022						
Unaudited						
Balance at 1 July 2022	272	5,734	1,514	-	16,931	24,451
Dividends	-	-	-	-	-	-
Loss and total comprehensive income for the period	-	-	-	-	(250)	(250)
Balance at 31 December 2022	272	5,734	1,514	-	16,681	24,201
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
Year to 30 June 2022						
Audited						
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 period	-	-	-	-	(411)	(411)
Balance at 30 June 2023	272	5,734	1,514	-	16,357	23,877

**Consolidated Statement of Cash Flows**  
**6 months to 31 December 2023**

	<b>6 months Ended</b>	<b>6 months Ended</b>	<b>Year Ended</b>
	<b>31.12.23</b>	<b>31.12.22</b>	<b>30.06.23</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
	<b>Unaudited</b>	<b>Unaudited</b>	<b>Audited</b>
<b>Cash from operating activities</b>			
Operating loss from continuing operations	(465)	(264)	(492)
Depreciation of property, plant and equipment	223	194	357
Amortisation of intangible assets	48	30	57
Profit on disposal of property, plant and equipment	-	(84)	(73)
Operating (loss)/profit before changes in working capital	(194)	(124)	(151)
Decrease/(Increase) in inventories	1,146	1,061	(798)
Decrease/(increase) in trade and other receivables	1,133	1,544	(854)
(Decrease)/increase in trade and other payables	(4,581)	(2,391)	1,624
Cash generated/(used) from operations	(2,496)	90	(180)
Income taxes paid	-	(38)	(39)
Net cash from operating activities	(2,496)	52	(219)
<b>Cash flows from investing activities</b>			
Interest received	52	13	81
Proceeds from disposal of property, plant and equipment	-	1,475	1,475
Purchase of property, plant and Equipment	(534)	(181)	(358)
Net cash from investing activities	(482)	1,307	1,198
<b>Cash flows from financing activities</b>			
Dividends paid to equity shareholders	-	-	(163)
Net cash used in financing activities	-	-	(163)
Net increase/(decrease) in cash and cash equivalents	(2,978)	1,359	816
Cash and cash equivalents at beginning of period	5,512	4,696	4,696
Cash and cash equivalents at end of period	2,534	6,055	5,512

## Notes to the financial statements

### 1. Corporate Information

The financial information for the half year ended 31 December 2023 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 2023 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 2023. 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 2023.

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 2023 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. There are no non current assets outside the UK.

	UK	Other	Total
	£'000	£'000	£'000
<b>6 months to December 2023</b>			
Total Segment revenue	28,707	539	29,246
<b>Year to 30 June 2023</b>			
Total Segment revenue	66,489	660	67,149

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 2023 of £413,000 (2022: Loss £250,000) and a weighted average of 27,231,586 (2021: 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 8 to 10 of the Annual Report and Accounts for the year ended 30 June 2023 (the Annual Report). A copy of the Annual Report is available on the company's web site at [www.northamber.com](http://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 (2022: £150,000) rent to Anitass Limited, a wholly owned subsidiary. At 31 December 2023 Northamber plc owed Anitass Ltd £9,124,000 (2022: £9,023,000).

## 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.