Northern Bear Plc

# Investor presentation

15 July 2025

# Presenters

**John Davies**

Chief Executive Officer

**Julian Davis**

Chief Financial Officer

# Welcome

### A welcome from the CEO

Introduction to the business and annual update for shareholders

### Highlights

A high-level overview of the Group's key achievements and milestones over the past year

### Financial Performance

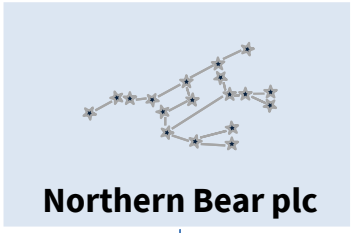
A snapshot of the Group's financial health and growth, setting out the financial highlights

### Strategic and operational update

An introduction to the Group's strategic focus areas for the next 12 to 24 months.

Introduction

# The Group




Northern Bear plc is an AIM quoted specialist building services provider serving the support services sector. The Group comprises ten businesses in Northern England covering roofing, materials handling, and specialist building services.

Clients include local authorities, housing associations, NHS trusts, universities, hotels, construction companies and national house builders.

Each company within the Group operates as an autonomous business, with Northern Bear providing Group strategic management and financial consolidation.

Highlights

# Operational

- Transitional year with new Exec team in place
- Raised the aspirations of our businesses
- Clearer messaging from Group
- Increased governance and strategic support
- Worked closely to focus on areas of opportunity
- Market stable but only targeted growth opportunities
- Fire stopping focus on compliance and sustainable markets
- De-carbonisation providing opportunities to increase value of our services
- Investment in our  people and  premises
- Made change when required – Peels

## Highlights

# Financial

### Revenue

**£78.1m** ↑ 13.7%

Up 13.7% from prior year

### Gross margin

**£24.6%** ↑ 1.5%

Up by 1.5% from prior year

### Adjusted Operating Profit*

**£3.8m** ↑ 45.2%

Up 45.2% from prior year

### Cash flow before financing

**£6.0m** ↑ £6.3m

Up by £6.3m

### Adjusted EPS*

**19.3p** ↑ 8.6p

Up by 8.6p from prior year

### Year end net cash

**£2.5m[1]** ↑ £4.7m

Up by £4.7m from prior year

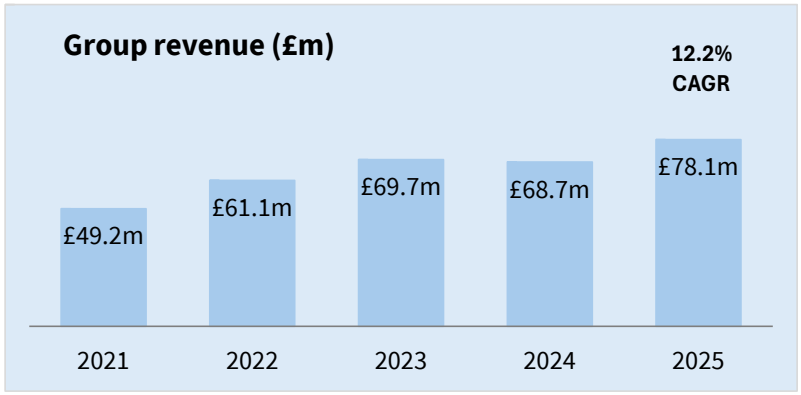
* Stated prior to the impact of amortisation and provisions for closure costs relating to H Peel & Sons Limited

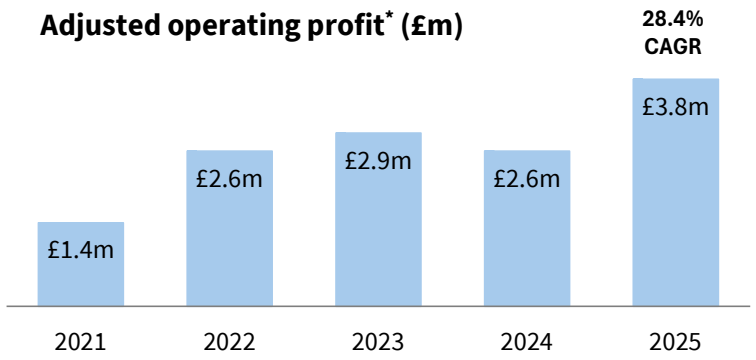
1. Net of bank loan of £1.5m in 2025 (£3.2m in 2024).

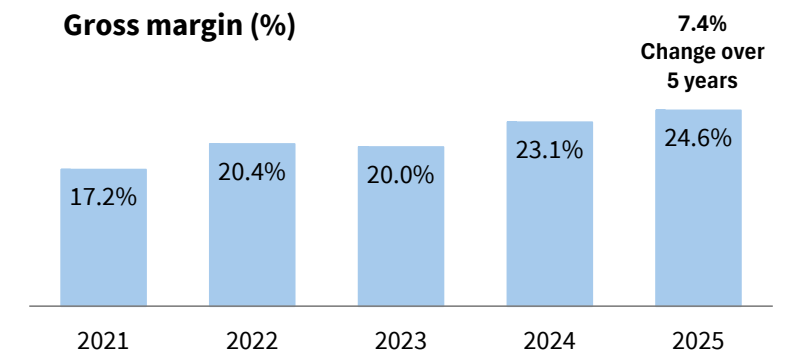
# Financial Performance

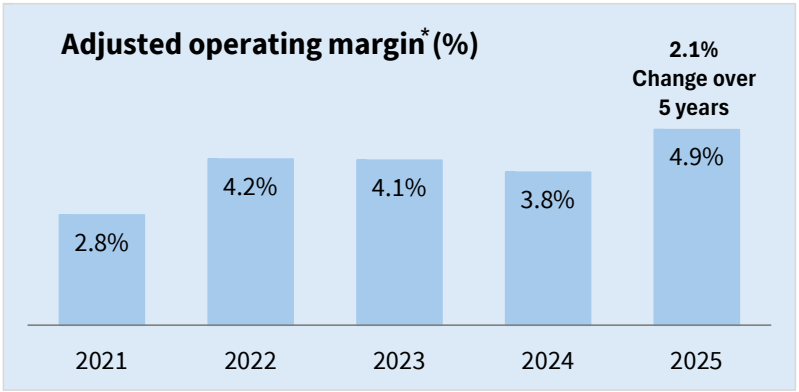
Financial performance

# 5 year performance



* Stated prior to the impact of amortisation and provisions for closure costs relating to H Peel & Sons Limited

Financial performance

# Group Income Statement

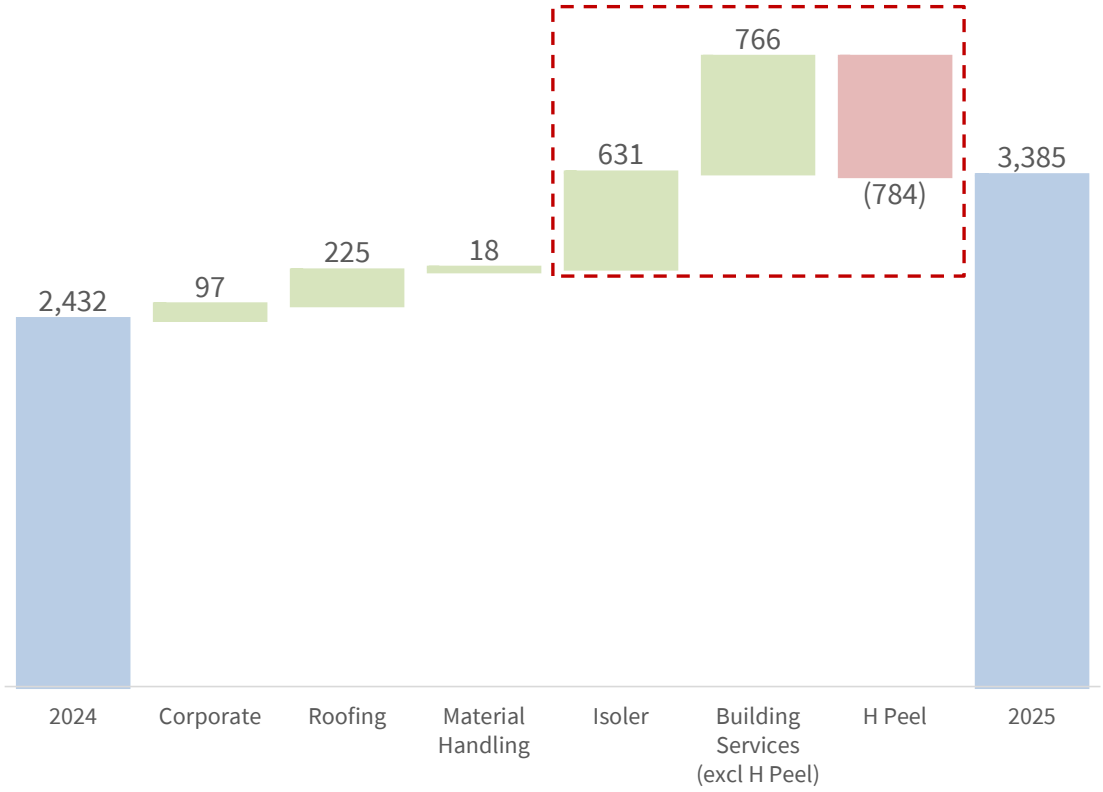
| | Growth % | 2025 £m | 2024 £m |
|---|---|---|---|
| **Revenue** | **13.7%** | **78.1** | **68.7** |
| **Gross profit** | **21.1%** | **19.2** | **15.9** |
| **Gross margin** | | **24.6%** | **23.1%** |
| Net operating costs | | (15.8) | (13.4) |
| **Operating profit** | **39.2%** | **3.4** | **2.4** |
| Adjusting items[1] | | 0.4 | 0.2 |
| **Adjusted operating profit**[1] | **45.2%** | **3.8** | **2.6** |
| Net finance costs | | (0.3) | (0.3) |
| Profit before tax | 42.8% | 3.1 | 2.1 |
| Corporation tax | | (0.8) | (0.5) |
| **Profit for the financial year** | | **2.3** | **1.6** |
| **Basic EPS** | **76.8%** | **16.8p** | **9.5p** |
| **Adjusted EPS**[1] | **87.9%** | **20.1p** | **10.7p** |

1. Adjusted for contract losses, amortization and losses relating to the closure of H Peels & Sons Limited

- **Group revenue** increased 13.7% to £78.1m.
- **Gross margin** increased by 1.5% to 24.6%.
- **Net operating expenses** increased by £2.4m to £15.8m
- **Group adjusted operating profit** increased by 45.2% to £3.8m.
- **Adjusting items**
  - Amortisation charges
  - Exceptional losses on contracts
  - Losses in relation to the closure of H Peel & Sons Limited
- **Basic EPS** increased from 9.5p per share to 16.8p.

Financial performance

# Operating profit bridge

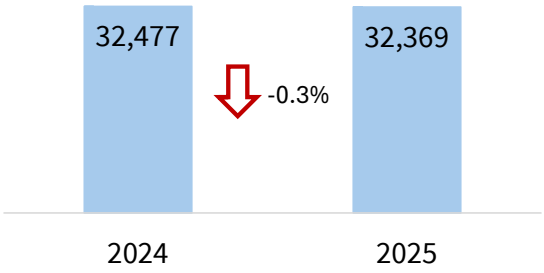



- **Corporate –** Reduction in overheads.
- **Roofing –** Showed strong growth driven by introduction of PV services and volume increases with house builders, local councils and housing associations.
- **Material Handling –** Consistent operating profit and cash generation performance.
- **Isoler –** Improved volumes and margins due to one off specialist contracts, changing regulatory requirements, good customer relationships and comprehensive service offering.
- **Building services –** A reduction in revenue, offset by strong margin growth after a turnaround year in 2024.
- **H Peel & Sons Limited –** Closure of the H Peel & Sons business following two years of trading losses.

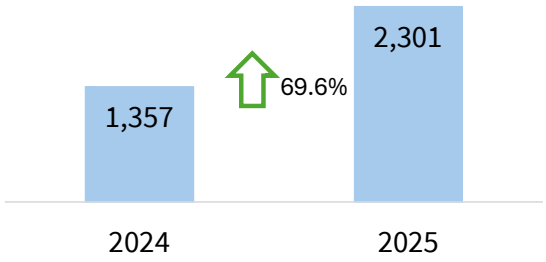
Financial performance

# Building Services

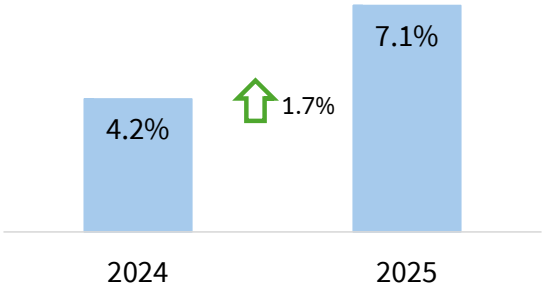
**Revenue**



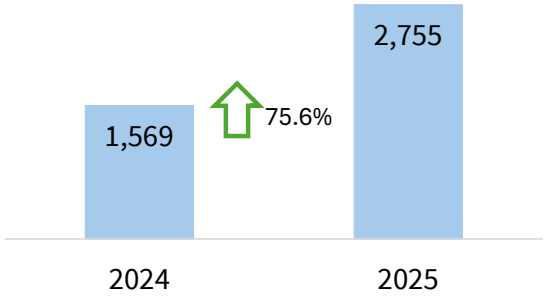

**Operating profit**




**Operating margin**




**Adjusted operating profit**




**Operating margin increase offset revenue reduction**

**Background**

- **Revenue** – Overall small reduction in revenue where reduction in revenues in contracting businesses have been offset by the growth at Isoler.
- **Operating profit and operating margin -** Contracting business reductions in revenue have been offset by margin growth as a result in improvements in quality and execution of contracts.
- **Adjusted operating profit** – After adding back amortisation charges and provisions for closure costs relating to the H Peel & Sons Limited business, operating profit increased from £1.6m to £2.8m.

Financial performance

# Balance sheet

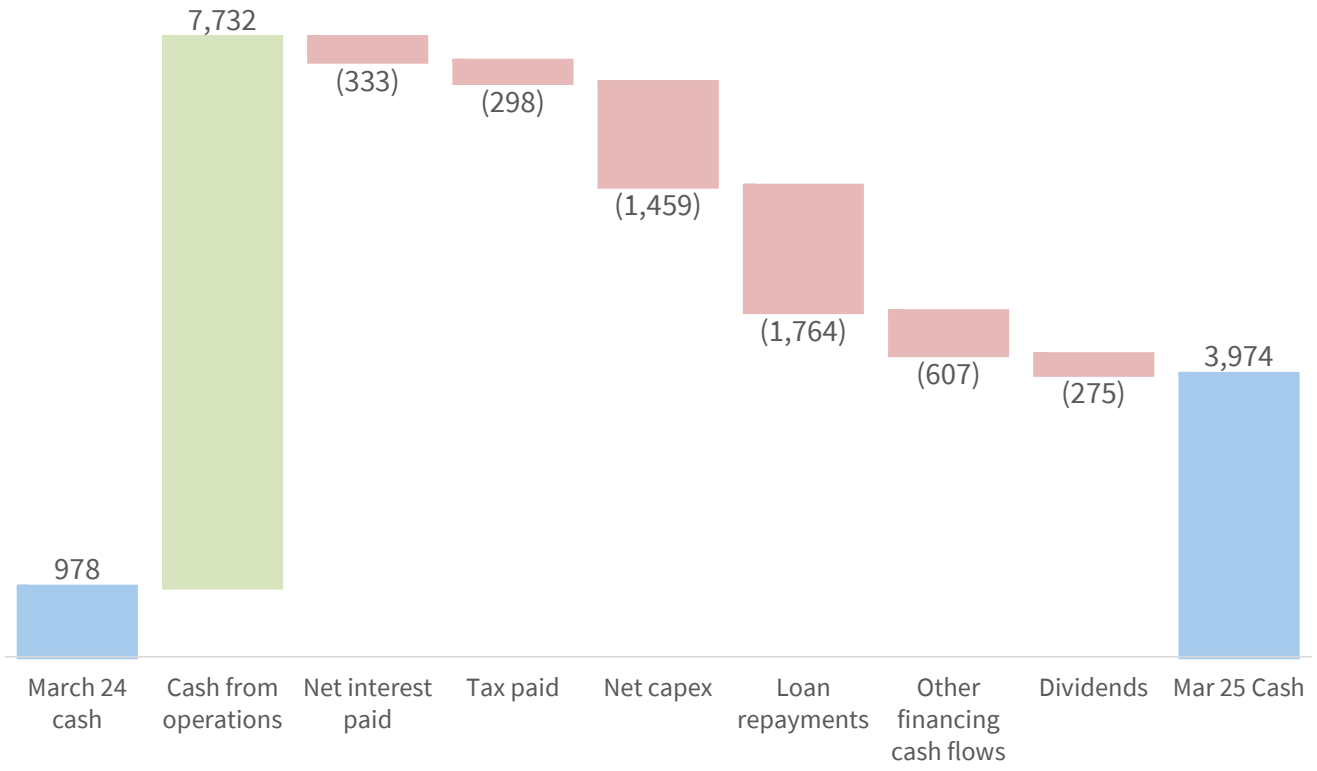
| | Mar-25 £000 | Mar-24 £000 |
|---|---|---|
| Goodwill and intangible assets | 15,384 | 15,394 |
| Property, plant and equipment - hire fleet | 3,973 | 3,665 |
| Property, plant and equipment - Other | 3,378 | 3,248 |
| Stocks and WIP | 1,521 | 1,496 |
| Trade and other receivables | 14,328 | 14,566 |
| Cash | 3,974 | 978 |
| Trade and other payables | (16,470) | (13,439) |
| Bank loans | (1,450) | (3,150) |
| Non-current creditors | (2,325) | (2,496) |
| Net assets | 22,313 | 20,262 |
| ROCE | 13.3% | 9.6% |

**Key points to note are:**

- **Intangible assets** are goodwill and other intangibles created through acquisitions.
- **PPE** is mostly motor vehicles and the materials handling fleet.
- **Net working capital** is principally customer and supplier balances. These can fluctuate significantly on a month-to-month basis. The Group carries limited inventory.
- The Group had £2m of unutilised working capital facilities at March 2025 in addition to the term loan shown on the balance sheet.
- **Bank loans** – Used for share buyback in 2024. Loans reduced from £3.15m in 2024 to £1.45m in 2025.
- Increase in Return on Capital Employed ('ROCE') from 9.6% to 13.3%.

Financial performance

# Cash generation




- **Cash from operations** – Significant cash generated in the year through strong trading performance and good working capital management.
- **Capital expenditure** – Ongoing investment in fleet in the Materials Handling business.
- **Loan repayments –** Operating cash flows facilitated £1m of bank loan repayments ahead of agreed repayment profile.
- **Other financing cash flows** – Relate to lease finance costs and repayments.
- **Dividends** – See separate dividend slide.

Financial performance

# Returns to shareholders

1

**Sep 23 dividend**

4p Ordinary

1p Special

£836,000

2

**Dec 23**

Return to Shareholders

Share buyback

£3,100,000[1]

3

**Sep 24 dividend**

2p Ordinary

£275,000

4

**Sep 25 dividend**

**Proposed**

2.5p Ordinary

1p Special

£482,000

1. Funded by £3.5 million loan from Virgin Money plc

# Strategic and Operational Update

# Key Group strategic drivers

- Recognise and reward  success with our people
- Invest for growth
- Improved communication to businesses
- Focus on cash generation
- Public / private client balance
- Improve the quality of the opportunity
- Up-value  our offering

# Building services

## Divisions

ARCAS BUILDING SOLUTIONS

Northern Bear SAFETY

MGM CONSTRUCTION

J LISTER ELECTRICAL

## Emerging trends

- **Client's funding -** target public sector and blue-chip private clients.
- **Growth -** affordable homes funding.
- **Increasing prevalence of public sector work -** decarbonization and affordable homes.
- **Increased regulation** – in our area of delivery.

## Strategy Focus areas

- **Raise profile** – Arcas rebrand and market focus in the year.
- **Carbon reduction offering for education and health sectors** - Installation of LED lighting, smart controls, and PV solutions.
- **Up-Value our offer –** developing with Husk existing garage site repurposing for additional housing.
- **Framework & Public Sector Contracts** – Ensure we are fit for purpose in resource and training and offering.
- **Investment-led growth:** Investing in people and premises to support expansion, e.g. Callisto Glass Facades as new division within MGM.
- **Health, Safety and training –** focus on supporting business in strategic targets as well as high levels of safety compliance.

# Isoler

## Divisions

ISOLER
Building Integrity Services

## Emerging trends

Increased Regulatory Drivers including:

- **Building Safety Act –** impacting private and public sector resource shortages.
- **Building owners held accountable** – improve building safety by legislation.
- **Grenfell effect** – driving opportunities in all sectors.
- **Tier one contractor remedial works** – negotiated works rather than tense.

## Strategy Focus areas

- **Building Safety Compliance** – we have engaged a full compliance team allowing delivery from design to handover, increasing the value of our offer.
- **National Delivery –** developing strategies and resource to deliver nationally for clients**.**
- **End user clients** – provide holistic solutions to existing premises offering passive fire system that will enable customer operations to continue.
- **Public Sector Frameworks** – We are focusing on developing longer-term, public-sector contracts to maintain the balanced mix in client base.
- **Training & Accreditation –** Developed a training facility in head office to train and upskill operatives and managers in construction with the CITB and our compliance team.

# Roofing

## Divisions

WENSLEY ROOFING

Springs Roofing Ltd

JENNINGS ROOFING

## Emerging trends

- **Strong pipeline** of new build homes and retrofitting programs across housing associations and councils.
- **Rising demand for solar PV integration** driven by energy planning legislation and energy costs.
- **Increase in capital expenditure –**public sector has to improve buildings roofing due to lack of investment.

## Strategy Focus areas

- **Solar PV Roofing Solutions** - Design and installation of integrated PV roofing systems for new builds and retrofits increasing value of our offer.
- **Investment for growth** – in new depots to facilitate PV and raise profile of companies to clients , employees and potential employees.
- **Partnerships with Housebuilders** - Strategic alignment with developers to develop longer term frameworks.
- **Balanced portfolio –** maintain balance of public and private sector clients.
- **Strong supply chain strategy** – to counter market volatility and drive efficiencies through volume.
- **Training & Upskilling Workforce** - Capability to install PV, green roofing, and a wider offering.

Strategic and operational update

# Materials Handling

## Divisions

ALCOR HANDLING SOLUTIONS LTD

## Emerging trends

- **Shift toward electric-powered fleets** driven by sustainability and operational efficiency.
- **Increased outsourcing** of equipment ownership to reduce compliance and capex burdens.
- **Greater integration of telematics** and fleet tracking for usage-based leasing and safety monitoring.
- **Chinese product offer** – aggressive marketing of alternative products.

## Strategy Focus areas

- **Compliance-Leveraged Leasing** - Lease package offering with fully compliant maintenance and buyback options provided.
- **Electrification and Fleet Modernisation** - Electric forklift leasing / sales aligned with ESG and decarbonisation strategies.
- **Brand** – as Mitsubishi franchise we reflect the high market position that we deliver to market – depot / training / service.
- **Short-Term Equipment Hire** - Flexible, certified forklift rental for seasonal or project-specific use.
- **Operator Training & Certification** - RTITB/ITSSAR accredited training as a service to lease customers.
- **Widen offering** – racking systems and cleaning systems.
- **Smart Telematics Integration** - Fleet monitoring tools for usage tracking, safety alerts, and predictive maintenance.

# Inorganic strategic priorities

### Established business

Companies with well-established business models and market positions in the North of England, supporting social housing, construction and infrastructure.

Businesses that would benefit and improve with a group support structure in place

### Resilient

Businesses showing resilience to the challenges of labour/materials cost inflation, and skilled labour shortages in recent years.

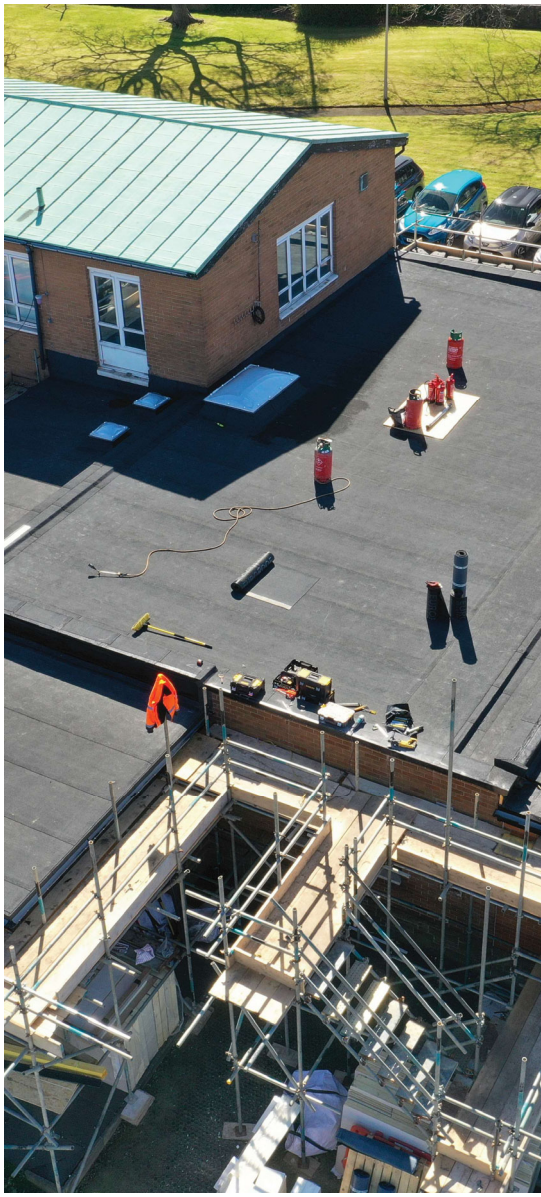
### Balanced client mix

A good mix of blue-chip private and public sector clients.

### Future growth opportunities

Both regulatory-driven and investment-led:

- Fire solutions
- Roofing
- Affordable Housing
- Decarbonisation – linked



Summary and outlook

# Key points

- Overall trading performance has been good, with the key features being:
  - Growth in both revenue and margin;
  - All divisions delivering operating profit growth from prior year;
  - Diversified customers and sectors;
  - Strong cash generation from trading; and
  - Accelerated pay down of bank loans
- Continue to develop a wider offering to a balanced mixed client based and provide reliance against potential market volatility.
- Continue to invest in businesses to offer a higher value services.
- Building Services growth opportunities, both customers and geography, incorporating the Isoler business.
- Increased proposed ordinary dividend of 2.5pps and Special dividend of 1.0pps.
- The Board are confident in achieving its full year FY2026 expectations.

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# Questions

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