

19th September 2024

Maintel Holdings Plc
("Maintel", the "Company" or the "Group")

Interim results for the six months to 30 June 2024

Significant profitability improvement and net debt reduction, while underlying growth accelerates.

Maintel Holdings Plc, a leading provider of cloud and managed communication services, is pleased to announce its unaudited interim results for the six months to 30 June 2024.

Key Financial Information

	Six months ended 2024	Six months ended 2023	Increase/ (decrease)
Group revenue (£'m)	46.6	47.5	(1.8)%
Gross profit (£'m)	14.8	16.0	(7.6)%
Adjusted EBITDA ^[1] (£'m)	4.8	3.7	28.2%
(Loss)before tax (£'m)	(0.3)	(2.9)	(89.7)%
Adjusted profit before tax ^[4] (£'m)	3.2	2.0	59.0%
Basic earnings / (loss)per share (p)	0.5	(19.1)	-
Adjusted earnings per share ^[2] (p)	11.0	2.6	323.0%
Net debt ^[3] (£'m)	15.6	21.4	(27.1)%

Highlights

- Group revenue was in line with expectations at £46.6m, down 1.8% (H1 2023: £47.5m), with recurring revenue representing 78.7% of total revenue (H1 2023: 75.1%).
- Revenue performance represented underlying growth of 14.3%, which was slightly down from H1 2023 where revenue was flattered by the late delivery of £6.7m in sales from 2021 and 2022 orders, delayed due to supply chain shortages during the pandemic.
- The Group continued to successfully execute its strategic pivot away from a communications generalist to a specialist, focusing across three key strategic pillars; Unified Communications & Collaboration, Customer Experience and Security & Connectivity.
- As announced earlier in the year, the Group won multi-year, multi-million pound contracts with; a leading housing and care provider; one of Europe's leading credit management companies; and the Leeds Teaching Hospital, one of the largest and busiest acute hospital trusts in the UK. Since this announcement the Group has also won further significant projects in the period of £1.7m TCV with one of the UK's largest insurance companies, and £1.3m TCV with a Global IT and business consulting services company, both in the strategic Customer Experience pillar.
- Gross profit decreased to £14.8m (H1 2023: £16.0m) with gross margin decreasing to 31.6% (H1 2023: 33.6%), driven by in-bound inflationary pressure and a change in revenue mix.

- Adjusted EBITDA increased by 28.2% to £4.8m (H1 2023: £3.7m), reflecting the full run-rate of the benefits from the restructuring programme completed in 2023 and compounded by a continuing focus on revenue assurance. Adjusted EBITDA margin increased to 10.2% (H1 2023: 7.8%).
- Basic earnings per share at 0.5p (H1 2023: loss per share at 19.1p), flows from improved profitability of operations, the reduction in restructuring costs, and the reduction in amortisation of intangibles, partly offset by the increase in the interest charge driven by the increase in the Bank of England base rates.
- Net debt^[3] significantly decreased to £15.6m, down 27.1% (H1 2023: £21.4m) as a result of the cashflow generated from operations of £6.6m (H1 2023: £(1.9)m) supported by improved profitability and well managed working capital.

Operational highlights

- H1 2024 has been a period of consolidating the operational savings derived from the organisational and strategic turnaround and restructuring in 2023, whilst investing resources in key growth areas.
- Sales booking performance was strong in H1 2024, boding well for the full year and a springboard into FY 2025, although the significant deals referenced above were closed later in the first half than initially anticipated, leading to an expected H2 2024 weighted revenue and EBITDA performance.
- New Security & Connectivity services powered by Fortinet & Zscaler, and a new Cyber Incident Response service were launched to further enhance the offering in this strategic pillar.
- Launch of the Maintel Application Platform, providing a consistent, secure, and rapid way to develop, deploy and manage the Group's own software based Intellectual Property. Audiosafe is the first fully productised app delivered from the Maintel Application Platform, providing a centralised call recording archive and playback service, supporting multiple cloud communication platforms and legacy call recording applications.
- Maintel was nominated for Managed Service Provider of the Year at both the Comms Business Awards and the CRN Awards.
- Continued progress in cloud and managed services delivered a 2.5% increase in contracted cloud seats to 185,600 in H1 2024 (H1 2023: 181,000), whilst cloud recurring revenues grew by 14.0% to £7.9m (H1 2023: £7.0m) reflecting the Group's intentional move towards quality of earnings over high seat count, lower margins contracts.
- Following the changes to Board composition earlier in the year, the Company welcomed Angus McCaffery and Bob Beveridge to the Board, both as non-executive directors, with Bob also taking the role of Chair of Audit and Risk. Good progress is also being made in the search for a permanent CEO, and an experienced independent Chairman.

Commenting on the Group's results, Dan Davies, Interim Chief Executive Officer said:

"2024 is a critical year in the transformation of Maintel. Whilst the Company is no longer benefiting from the delayed order backlog caused by the global semiconductor shortage that bolstered our results in 2023, we instead have the full benefit of the transformation and restructuring work completed in the first half of last year. It is now about consolidating, embedding and fine tuning the transformation, providing a springboard for the future.

"The continued execution of our generalist to specialist strategic pivot has been extremely encouraging, evidenced by key leading indicators such as; a high percentage of pipeline and new wins in both our strategic segments and our target verticals, the increased quality of those new wins in both technology and margin terms, and increased customer experience scores. These leading indicators are now beginning to come to fruition. The first half performance saw underlying revenue growth, significant Adjusted EBITDA growth and enhanced Adjusted EBITDA margins.

Our enhanced professional and managed service product offering, including the strategic launch of our new Maintel Application Platform, remains laser focused on helping our customers embrace, thrive and progress in a digital and hybrid workplace, improve their customer experience, securely connect their people to their applications and their data, and protect their business from the ever-growing cyber threat. The services we provide our customers are vital to their organisations, their people, their customers and their communities and we take this responsibility incredibly seriously.

"Customer centricity is fundamental to our strategy, as we strive to make every experience exceptional. The team have embraced this ethos and I can't thank them enough for their hard work, diligence and commitment.

"We expect to show further improvement, building on the first half performance, and I look forward to the remainder of the financial year with cautious optimism."

Notes

[1] Adjusted EBITDA is EBITDA of £3.7m (H1 2023: £1.6m), adjusted for exceptional items (including one-off restructuring costs) and share based payments (note 6).

[2] Adjusted earnings per share is basic earnings per share of 0.5p (H1 2023: loss per share of (19.1)p), adjusted for intangibles amortisation, exceptional items and share based payments (note 5). The weighted average number of shares in the period was 14.4m (H1 2023: 14.4m).

[3] Interest bearing debt (excluding issue costs of debt and IFRS 16 debt) minus cash.

[4] Adjusted profit before tax of £3.2m (H1 2023: 2.0m) is basic (loss) before tax, adjusted for intangibles amortisation, exceptional items and share based payments.

This announcement contains inside information for the purposes of Article 7 of EU Regulation 596/2014

For further information please contact:

Maintel Holdings PLC

Dan Davies, Interim Chief Executive Officer
Gab Pirona, Chief Financial Officer

Tel: 0344 871 1122

Cavendish (Nomad and Broker)

Jonny Franklin-Adams / Hamish Waller (Corporate Finance)
Sunila de Silva (Corporate Broking)

Tel: 020 7220 0500

Hudson Sandler (Financial PR)

Wendy Baker / Nick Moore / Eloise Fleet

Tel: 020 7796 4133

maintel@hudsonsandler.com

Notes to editors

Maintel Holdings Plc ("Maintel") is a leading provider of cloud, networking and security managed communications services to the UK public and private sectors. Its services aim to help its clients operate at the highest level by designing, implementing, innovating and managing their vital digital communication solutions, with a focus across three strategic pillars:

- **Unified Communications and Collaboration** - Making customers' people more effective, efficient, and collaborative with UC&C technology. The core focus of this pillar is the high growth Unified Communications as a Service (UCaaS) market segment.
- **Customer Experience** - Helping customers to acquire, delight and retain their customers using customer experience technology. The core focus of this pillar is the high growth Contact Centre as a Service (CCaaS) market segment.
- **Security & Connectivity** - Securely connecting customers' people, partners and guests to their cloud platforms, applications, and data with secure connectivity, and protecting their business from cyber

threat. The core focus of this pillar is the high growth Software Defined Wide Area Networking (SD-WAN), Security Service Edge (SSE) and Cyber Managed Service market segments.

Maintel combines technology from its strategic, global technology vendor and carrier partners, with its own Intellectual Property, deployed from and managed by its own platforms, to provide seamless solutions that its customers can consume without the need for the internal skillset required to deploy and manage the technology themselves.

Maintel serves the whole market, with a particular focus on key verticals of Financial Services, Retail, Public Healthcare, Local Government, Higher Education, Social Housing and Utilities. Its core market constitutes organisations with between 250 and 10,000 employees in the private, public and not-for-profit sectors with headquarters in the UK.

The Company was founded in 1991 and it listed on London's AIM market in 2004 (AIM: MAI).

Business review

Results for the six month period to 30 June 2024

Group revenue was in line with expectations, 1.8% lower, at £46.6m (H1 2023: £47.5m). Recurring revenue grew by 2.8% from 75.1% to 78.7% of total revenue, faster than project revenue which was 15.8% lower. Revenue performance represented underlying growth of 14.3%, as revenue in H1 2023 was flattered by £6.7m in sales deriving from the late delivery of 2021 and 2022 orders, delayed due to supply chain shortages during the pandemic.

Our Managed Services and Technology division saw revenue decline by 11.5% to £21.7m (H1 2023: £24.5m), predominantly due to expected churn and erosion of heritage on-premise telephony and contact centre contracts, following price increases on renewals, and on-premise customers transitioning to managed cloud services. Technology revenues decreased by 15.8% to £9.9m, against a strong performance in H1 2023 (H1 2023: £11.4m) which was flattered by the project delivery of orders delayed from 2021 and 2022 as a result of the now resolved global semiconductor shortage. The £9.9m revenue delivered in H1 2024 represented underlying growth of 63.5%.

Our Network Services Division saw the number of contracted seats on our ICON and public cloud platforms increase by 2.5% to 185,600. This slowdown in net seat growth represents both the reality of increased churn that a now matured technology segment inevitably brings, and a change of focus towards quality of earnings. The latter has seen the Group pursue fewer high seat count and low margin opportunities, in favour of higher margin cloud contracts; particularly in the Customer Experience space where seat numbers are lower, but solutions are application-rich driving significantly higher ARPU and margins. This approach has resulted in continued recurring cloud revenue growth, up 14.0%, to £7.9m (H1 2023: £7.0m) despite the lower growth in the number of contracted seats. The margin benefit of this strategy will take time to impact overall gross margin levels, as new contracts blend with the existing contract base. The continued revenue benefit from the additional contracted seats and applications will be realised in 2024 and beyond as these projects continue to be delivered.

Recurring revenues for Data Connectivity Services increased by 14.9% to £10.0m (H1 2023: £8.7m), driven by the continued delivery of new SD-WAN and Security contracts. Data Connectivity Services joins Cloud as the Group's two key growth areas with the largest win so far this year and continued strong growth potential.

With regard to cost management, to date the Group has been consolidating the savings from the business transformation and restructuring in 2023, particularly in terms of property footprint, support functions and general overheads. A renewed and continuing vigour around revenue assurance and margin maximisation has also driven benefits in H1 2024, and this is expected to continue to benefit H2 2024 and beyond.

Adjusted EBITDA⁽¹⁾ increased by 28.2%. Whilst gross margins have been impacted due to continued inflationary pressures, these have been mitigated by last year's organisational restructure and a continued focus on cost control. This resulted in an improved Adjusted EBITDA margin of 10.2% (H1 2023: 7.8%).

The improved cash conversion, driven by higher cash in-flows from operating activities of £6.6m, enabled the Group to continue to reduce its financial debt and deleverage the business, further strengthening its financial position.

The Group incurred a loss before tax of £0.3m (H1 2023: loss of £2.9m) and earnings per share of 0.5p (H1 2023: loss per share of 19.1p). This includes a net exceptional charge of £1m (H1 2023: £1.9m) (refer to note 8) and intangibles amortisation of £2.4m (H1 2023: £2.8m).

Adjusted earnings per share (EPS) increased by 323.0% to 11.0p (H1 2023: 2.6p) based on a weighted average number of shares in the period of 14.4m (H1 2023: 14.4m).

	Six months to 30 June 2024 £000	Six months to 30 June 2023 £000	Increase/ (decrease)
Revenue	46,610	47,461	(1.8)%
(Loss) before tax	(335)	(2,928)	
Add back intangibles amortisation	2,442	2,842	
Exceptional items (note 8)	1,014	1,946	
Share based remuneration	50	124	
Adjusted profit before tax	3,171	1,984	59.8%
Interest	997	974	
Depreciation	596	757	
Adjusted EBITDA ^[1]	4,764	3,715	28.2%
Profit / (loss) after tax	71	(2,748)	-
Basic earnings / (loss) per share	0.5p	(19.1)p	-
Diluted	0.5p	(19.1)p	-
Adjusted earnings	1,584	373	324.7%
Adjusted earnings per share ^[2]	11.0p	2.6p	323.1%
Diluted adjusted earnings per share	10.9p	2.6p	319.2%

Review of operations

Maintel is a Managed Services Provider, with a focus on three, core strategic technology pillars; Unified Comms & Collaboration, Customer Experience and Security & Connectivity.

Our vision is to help every organisation thrive through the application of technology with a human touch. We see technology as the enabler, not the outcome. Success for us is delivering tangible business benefits for our customers, whether that be through increasing productivity, velocity, or collaboration, strengthening their relationships with their own customers, helping them grow, protecting them from cyber threats, reducing downtime or saving cost.

We help our customers thrive in many and varied ways. Our exceptional people apply the human touch to ensure our customer's journey with us is a true partnership and that we deliver on our promises. This approach allows us to apply a common blueprint across everything we do, enabling us to cover a diverse range of technology but with a common and consistent customer experience.

Elements of cloud services revenues are accounted for in both the managed services and technology division (under the technology revenue line) and the network services division.

The following table shows the performance of the three operating segments of the Group.

	Six months to 30 June 2024 £000	Six months to 30 June 2023 £000	(Decrease) / increase
<u>Revenue analysis</u>			
Managed services related	11,736	12,674	(7.4)%
Technology ^(a)	9,935	11,801	(15.8)%
Managed services and technology division	21,671	24,475	(11.5)%
Network services division	23,296	20,892	11.5%
Mobile division	1,643	2,094	(21.5)%
Total Group	46,610	47,461	(1.8)%

(a)Technology includes revenues from hardware, software, professional services and other sales.

Managed services and technology division

The managed services and technology division contains two distinct revenue lines:

- **Managed services:** all support and managed service recurring revenues for hardware and software located on customer premises. This combines both legacy PBX and Contact Centre systems, which are in a managed decline across the sector as organisations migrate to more effective and efficient cloud solutions, with areas of technology such as Local Area Networking (LAN), WIFI and security, which are still very much current and developing technology areas and therefore enduring sources of revenue.
- **Technology:** all non-recurring revenues from hardware, software, professional and consultancy services and other non-recurring sales.

Services are predominantly provided across the UK, with some customers having international footprints. The division also supplies and installs project-based technology, and professional and consultancy services to the Group's direct clients and through its partner relationships.

	Six months to 30 June 2024 £000	Six months to 30 June 2023 £000	(Decrease)
Divisional revenue	21,671	24,475	(11.5)%
Divisional gross profit	5,638	6,525	(13.6)%
Gross margin (%)	26.0%	26.7%	

Revenue decreased by 11.5% to £21.7m. Revenue from the legacy on-premise managed service business decreased by £4.4m, in line with the expected churn in this space, counteracted by new additions within the Group's other higher growth strategic pillars. Technology revenues declined by 15.8% as revenue in H1 2023 was boosted by £5.7m due to the unwinding of orders delayed from 2021 and 2022.

Network services division

The Network Services division is made up of three strategic revenue lines:

- **Cloud:** subscription and managed service revenues from cloud based Unified Communications and Contact Centre contracts
- **Data:** subscription, circuit, co-location and managed service revenues from Wide Area Network (WAN), Software Defined-WAN (SD-WAN), Internet access and managed security service contracts
- **Call traffic and line rental:** recurring revenues from both legacy PSTN voice and modern SIP Trunking contracts

	Six months to 30 June 2024 £000	Six months to 30 June 2023 £000	Increase
Call traffic	1,524	1,498	1.7%
Line rental	3,553	3,481	2.1%
Data connectivity services	10,044	8,742	14.9%
Cloud	7,930	6,959	14.0%
Other	245	212	15.6%
Total division	23,296	20,892	11.5%
Division gross profit	8,492	8,437	0.7%
Gross margin (%)	36.5%	40.4%	

Network services revenue grew by 11.5%, whilst the gross margin contracted to 36.5% (H1 2023: 40.4%). The revenue growth reflects the positive contribution of the continued significant growth in cloud subscription revenue, up 14.0%, and a return to steady growth for data connectivity, up 14.9% (compared with growth of 7.7% from H1 2022 to H1 2023), driven by the Group's success in winning and rolling out large Software Defined Wide Area Network (SD-WAN) and Security managed service contracts since 2021.

Line rental revenue increased by 2.1%, driven by a slowdown in migration away from the legacy BT based PSTN services, with the deadline for the end of this service having been extended by 13 months to January 2027, and the continued growth of the Group's SIP Trunking services. This was bolstered further by an increase in call traffic revenues, up 1.7%, driven by increased inbound contact centre calling traffic and outbound SIP call traffic, predominantly from our strong financial services sector customer base.

Maintel has continued to grow its cloud services across unified communications and contact centre applications – with 185,600 contracted cloud seats (up 2.5% on H1 2023). Delivery of the Group's Cloud contracts remained strong, with an increase in recurring revenue of 14.0% to £7.9m (H1 2023: £7.0m). During H1 2024, the Group closed a number of additional new key contracts for the future in both the Private and Public cloud spaces. The most significant of these new contracts are in the Customer Experience space, delivering cloud based contact centre applications which, despite a lower total seat count, drive significantly higher ARPUs and margin.

Mobile division

Maintel's mobile division generates revenue primarily from commissions received as part of its dealer agreement with O2 which scales in line with growth in partner revenues, in addition to value added services sold alongside mobile such as mobile fleet management and mobile device management.

	Six months to 30 June 2024 £000	Six months to 30 June 2023 £000	Decrease
Revenue	1,643	2,094	(21.5)%
Gross profit	619	1,002	(38.2)%
Gross margin (%)	37.7%	47.9%	
Number of customers	471	536	(12.1)%
Number of connections	28,070	29,890	(6.1)%

Revenue decreased by 21.5% to £1.6m (H1 2023: £2.1m). Gross profit was £0.6m (H1 2023: £1.0m), and gross margins were lower at 37.7% (H1 2023: 47.9%). The margin reduction was primarily due to fewer bonuses earned in H1 2024, which resulted from lower new sign-ups, reflecting the refocus of the Maintel's business development towards our core focus revenue streams, and the timing of contract renewals.

O2 continues to be the Group's core partner and route to market, bolstered by its Vodafone agreement and its more recent relationship with Three, which enhances Maintel's commercial offering as well as increases its ability to serve customers more effectively and efficiently. Lastly, Maintel's own ICON Mobilise wholesale offering is ideal for customers who require an agile solution that caters for unique billing, network, and commercial requirements.

Maintel's mobile go-to-market proposition will continue to focus on the mid-market and low-end enterprise segments where the Group's portfolio is best suited, whilst the product remains an adjacent offering to the Company's core strategic pillars.

Administrative expenses

Administrative expenses mainly comprise costs related to the sales and marketing teams, the support functions and the managerial positions, as well as the associated growth generated by investments and general costs. On a comparable basis, the total other administrative expenses, excluding depreciation, amounted to £10.5m (H1 2023: £12.6m) and represented a net £2.1m, amounting to a 16.7% reduction in overheads.

The overall headcount dropped by 2.7% or 13 FTEs and now stands at 452 (H1 2023: 465) as a result of the Group's programme of re-adapting to a scalable, efficient business to facilitate our transition to a communications specialist.

Cash flow

The Group's net debt (excluding IFRS 16 liabilities and issue costs of debt) was £15.6m at 30 June 2024, compared with £18.2m net debt at 31 December 2023.

	Six months to 30 June 2024 £000	Six months to 30 June 2023 £000
Cash generated / (used in) operating activities	6,606	(1,898)
Capital expenditure	(2,790)	(1,195)
Finance cost (net)	(705)	(849)
Issue costs of debt	(30)	-
Free cashflow	3,081	(3,942)
Proceeds from borrowings	-	2,500
Repayment of borrowings	(1,200)	(1,200)
Lease liability repayments	(470)	(644)
Increase / (decrease) in cash and cash equivalents	1,411	(3,286)
Cash and cash equivalents at start of period	4,846	6,136
Exchange differences	(7)	(24)
Cash and cash equivalents at end of period	6,250	2,826
Bank borrowings	(21,800)	(24,200)
Net debt excluding issue costs of debt	(15,550)	(21,374)
Adjusted EBITDA (note 6)	4,764	3,715

The Group generated £6.6m of cash from operating activities (H1 2023: cash used was £1.9m).

Capital expenditure was £2.8m (H1 2023: £1.2m), driven by our continued investment across Maintel's product and service portfolio and delivery platforms.

No tax was paid in the first half of the financial year.

Dividends

In line with previous periods, the Board has decided to continue to pause dividend payments. As such, the Board will not declare an interim dividend for 2024 (H1 2023: Nil).

Although the Board remains focused on the reduction of the Group's debt and does not feel it is timely to resume dividend payments, this will be kept under review as conditions further improve.

The Board

The Group was pleased to announce the appointment to the Board of Maintel of Bob Beveridge and Angus McCaffery on 3 July 2024.

Bob Beveridge was appointed an independent non-executive director and he chairs the Group's Audit and Risk Committee. Bob has considerable experience as a financial and strategic leader of blue-chip companies, including Cable and Wireless Communications plc and Marlborough Stirling plc. He is currently a

non-executive director of Inspiration Healthcare Group plc and chair of Berkshire Local Enterprise Partnership Limited.

Angus McCaffery, co-founder of Maintel, was appointed a non-executive director and he joined the Nomination Committee. Angus was previously an executive director of the Company until December 2020.

Outlook

As previously announced, a number of high value new contract wins, secured during the first half, were closed later in H1 2024 than first anticipated. Subsequently, the Group expects its FY 2024 performance will be second half weighted as the benefit of those new multi-year contracts are realised from H2 2024.

As a result, the Board expects H2 2024 trading to show further improvement building on the first half performance. The Group remains focused on delivering higher margin new business opportunities in its high growth segments moving forward and looks forward to the remainder of the financial year with cautious optimism.

On behalf of the Board

Dan Davies
Interim Chief Executive Officer

19 September 2024

Maintel Holdings Plc

Consolidated statement of comprehensive income (unaudited)

for the 6 months ended 30 June 2024

	Note	Six months to 30 June 2024 £000 (Unaudited)	Six months to 30 June 2023 £000 (Unaudited)
Revenue	3	46,610	47,461
Cost of sales		(31,861)	(31,497)
Gross profit		14,749	15,964
Other operating income	4	476	339
Administrative expenses			
Intangibles amortisation		(2,442)	(2,842)
Exceptional items	8	(1,014)	(1,946)
Share based payments		(50)	(124)
Other administrative expenses		(11,057)	(13,345)
		(14,563)	(18,257)
Operating profit / (loss)		662	(1,954)
Net financing costs		(997)	(974)
(Loss) before taxation		(335)	(2,928)
Taxation credit		406	180
Profit / (loss) for the period and attributable to owners of the parent		71	(2,748)
Other comprehensive income for the period			
Exchange differences on translation of foreign operations		-	(20)
Total comprehensive income / (loss) for the period attributable to the owners of the parent		71	(2,768)
Earnings / (loss) per share from continuing operations attributable to the ordinary equity holders of the parent			
Basic	5	0.5p	(19.1)p
Diluted	5	0.5p	(19.1)p

Maintel Holdings Plc

Consolidated statement of financial position (unaudited)

at 30 June 2024

	Note	30 June 2024 £000 (Unaudited)	31 December 2023 £000 (Audited)
Non-current assets			
Intangible assets		48,650	48,644
Right-of-use assets		540	1,036
Property, plant and equipment		1,104	1,109
Deferred tax		878	471
		<u>51,172</u>	<u>51,260</u>
Current assets			
Inventories		809	1,677
Trade and other receivables		25,257	25,408
Cash and cash equivalents		6,250	4,846
		<u>32,316</u>	<u>31,931</u>
Total assets		<u>83,488</u>	<u>83,191</u>
Current liabilities			
Trade and other payables		46,148	43,938
Lease liabilities		660	909
Borrowings	9	1,725	2,322
		<u>48,533</u>	<u>47,169</u>
Total current liabilities		<u>48,533</u>	<u>47,169</u>
Non-current liabilities			
Other payables		409	502
Lease liabilities		230	731
Borrowings	9	19,985	20,579
		<u>20,624</u>	<u>21,812</u>
Total non-current liabilities		<u>20,624</u>	<u>21,812</u>
Total liabilities		<u>69,157</u>	<u>68,981</u>
Total net assets		<u>14,331</u>	<u>14,210</u>
Equity			
Issued share capital		144	144
Share premium		24,588	24,588
Other reserves		64	64
Retained earnings		(10,465)	(10,586)
		<u>14,331</u>	<u>14,210</u>
Total equity		<u>14,331</u>	<u>14,210</u>

Maintel Holdings Plc

Consolidated statement of changes in equity (unaudited)

for the six months ended 30 June 2024

	Note	Share capital £000	Share premium £000	Other reserves £000	Retained earnings £000	Total £000
At 31 December 2022		144	24,588	80	(5,424)	19,388
Loss for the period		-	-	-	(2,748)	(2,748)
Other comprehensive income:		-	-	-	-	-
Foreign currency translation differences		-	-	(20)	-	(20)
Total comprehensive (loss) for the period		-	-	(20)	(2,748)	(2,768)
Share based payments		-	-	-	124	124
At 30 June 2023		144	24,588	60	(8,048)	16,744
(Loss) for the period		-	-	-	(2,603)	(2,603)
Other comprehensive income:		-	-	-	-	-
Foreign currency translation differences		-	-	4	-	4
Total comprehensive loss for the period		-	-	4	(2,603)	(2,599)
Share based payments		-	-	-	65	65
At 31 December 2023		144	24,588	64	(10,586)	14,210
Profit for the period		-	-	-	71	71
Other comprehensive income:		-	-	-	-	-
Foreign currency translation differences		-	-	-	-	-
Total comprehensive income for the period		-	-	-	71	71
Share based payments		-	-	-	50	50
At 30 June 2024		144	24,588	64	(10,465)	14,331

Maintel Holdings Plc

Consolidated statement of cash flows (unaudited)

for the six months ended 30 June 2024

	Six months to 30 June 2024 £000	Six months to 30 June 2023 £000
Operating activities		
(Loss) before taxation	(335)	(2,928)
Adjustments for:		
Intangibles amortisation	2,442	2,842
Share based payment charge	50	124
Depreciation of plant and equipment	348	314
Depreciation of right of use asset	248	443
Interest expense (net)	997	974
	<hr/>	<hr/>
Operating cash flows before changes in working capital	3,750	1,769
Decrease / (increase) in inventories	868	(529)
Decrease / (increase) in trade and other receivables	150	(4,045)
Increase in trade and other payables	1,838	907
	<hr/>	<hr/>
Cash generated from / (used in) operating activities	6,606	(1,898)
	<hr/>	<hr/>
Investing activities		
Purchase of plant and equipment	(342)	(75)
Purchase of software intangible assets	(2,448)	(1,120)
	<hr/>	<hr/>
Net cash flows used in investing activities	(2,790)	(1,195)

Maintel Holdings Plc

Consolidated statement of cash flows (continued) (unaudited)

for the 6 months ended 30 June 2024

	Six months to 30 June 2024 £000	Six months to 30 June 2023 £000
Financing activities		
Proceeds from borrowings	-	2,500
Repayment of borrowings	(1,200)	(1,200)
Lease liability repayments	(470)	(644)
Interest paid	(705)	(849)
Issue costs of debt	(30)	-
	<hr/>	<hr/>
Net cash flows generated from financing activities	(2,405)	(193)
	<hr/>	<hr/>
Net increase / (decrease) in cash and cash equivalents	1,411	(3,286)
	<hr/>	<hr/>
Cash and cash equivalents at start of period	4,846	6,136
Exchange differences	(7)	(24)
	<hr/>	<hr/>
Cash and cash equivalents at end of period	6,250	2,826
	<hr/>	<hr/>

Maintel Holdings Plc

Notes to the interim financial information

1. General information

Maintel Holdings Plc is a public company limited by shares and is incorporated and domiciled in the UK, England. Its shares are publicly traded on the Alternative Investment Market (AIM). Its registered office and principal place of business is 160 Blackfriars Road, London SE1 8EZ. Its registered company number is 03181729.

2. Basis of preparation

The financial information in these unaudited interim results is that of the holding company and all its subsidiaries (the Group). The financial information for the half-years ended 30 June 2024 and 30 June 2023 does not comprise statutory financial information within the meaning of s434 of the Companies Act 2006 and is unaudited. It has been prepared in accordance with the recognition and measurement requirements of UK adopted International Accounting Standards (IAS) but does not include all the disclosures that would be required under IAS. The accounting policies adopted in the interim financial statements are consistent with those adopted in the last annual report for financial year 2023 and those applicable for the year ended 31 December 2024.

3. Segmental information

For management reporting purposes and operationally, the Group consists of three business segments: (i) telecommunications managed service and technology sales, (ii) telecommunications network services, and (iii) mobile services. Each segment applies its respective resources across inter-related revenue streams which are reviewed by management collectively under these headings. The businesses of each segment and a further analysis of revenue are described under their respective headings in the business review.

The chief operating decision maker has been identified as the Board, which assesses the performance of the operating segments based on revenue and gross profit.

Six months to 30 June 2024 (unaudited)

	Managed service and technology £000	Network services £000	Mobile £000	Total £000
Revenue	21,671	23,296	1,643	46,610
Gross profit	5,638	8,492	619	14,749
Other operating income				476
Other administrative expenses				(11,057)
Share based payments				(50)
Intangibles amortisation				(2,442)
Exceptional items				(1,014)
Operating profit				662
Interest (net)				(997)
(Loss) before taxation				(335)
Income tax credit				406

Profit after taxation

71

Further analysis of revenue streams is shown in the business review.

The Board does not regularly review the aggregate assets and liabilities of its segments and accordingly, an analysis of these is not provided.

	Managed service and technology £000	Network services £000	Mobile £000	Central/ inter- company £000	Total £000
Intangibles amortisation	-	-	-	2,442	2,442
Exceptional items	114	39	-	861	1,014

Six months to 30 June 2023 (unaudited)

	Managed service and technology £000	Network services £000	Mobile £000	Total £000
Revenue	24,475	20,892	2,094	47,461
Gross profit	6,525	8,437	1,002	15,964
Other operating income				339
Other administrative expenses				(13,345)
Share based payments				(124)
Intangibles amortisation				(2,842)
Exceptional items				(1,946)
Operating (loss)				(1,954)
Interest (net)				(974)
(Loss) before taxation				(2,928)
Income tax credit				180
(Loss) after taxation				(2,748)

Further analysis of revenue streams is shown in the business review.

The Board does not regularly review the aggregate assets and liabilities of its segments and accordingly, an analysis of these is not provided.

	Managed service and technology £000	Network services £000	Mobile £000	Central/ inter- company £000	Total £000
Intangibles amortisation	-	-	-	2,842	2,842
Exceptional items	-	-	-	1,946	1,946

4. Other operating income

	Six months to 30 June 2024 £000 (unaudited)	Six months to 30 June 2023 £000 (unaudited)
Other operating income	476	339

Other operating income of £0.5m in the period relates primarily to monies associated with the recovery of research and development expenditure credits (H1 2023: £0.3m).

5. Earnings per share

Earnings per share and adjusted earnings per share is calculated by dividing the (loss) / profit after tax for the period by the weighted average number of shares in issue for the period. These figures have been prepared as follows:

	Six months to 30 June 2024 £000 (unaudited)	Six months to 30 June 2023 £000 (unaudited)
Earnings used in basic and diluted EPS, being profit / (loss) after tax	71	(2,748)
Adjustments:		
Amortisation of intangibles on business combinations	1,438	1,893
Exceptional items (note 8)	1,014	1,946
Tax relating to above adjustments	(601)	(842)
Share based payments	50	124
Tax adjustments relating to prior years	(388)	-
Adjusted earnings used in adjusted EPS	1,584	373

The adjustments above have been made to provide a clearer picture of the trading performance of the Group.

	Six months to 30 June 2024 Number 000	Six months to 30 June 2023 Number 000
Weighted average number of ordinary shares of 1p each	14,362	14,362
Potentially dilutive shares	180	-

	14,542	14,362
<i>Earnings / (loss) per share</i>		
Basic	0.5p	(19.1)p
Diluted	0.5p	(19.1)p
Adjusted – basic after the adjustments in the table above	11.0p	2.6p
Adjusted – diluted after the adjustments in the table above	10.9p	2.6p

In calculating adjusted diluted earnings per share, the weighted average number of ordinary shares in issue is adjusted to assume conversion of all potentially dilutive ordinary shares. The Group has one category of potentially dilutive ordinary share, being those share options granted to employees where the exercise price is less than the average price of the Company's ordinary shares during the period.

6. Earnings before interest, tax, depreciation and amortisation (EBITDA)

The following table shows the calculation of EBITDA and adjusted EBITDA:

	Six months to 30 June 2024 £000 (unaudited)	Six months to 30 June 2023 £000 (unaudited)
(Loss) before tax	(335)	(2,928)
Net interest payable	997	974
Depreciation of property, plant and equipment	348	314
Depreciation of right of use asset	248	443
Amortisation of intangibles	2,442	2,842
EBITDA	3,700	1,645
Share based payments	50	124
Exceptional items (note 8)	1,014	1,946
Adjusted EBITDA	4,764	3,715

7. Dividends

The directors have decided not to declare an interim dividend for 2024 (2023: nil).

8. Exceptional items

	Six months to 30 June 2024 £000 (unaudited)	Six months to 30 June 2023 £000 (unaudited)
Staff restructuring and other employee related costs	300	965
Costs relating to business transformation	712	606
Fees relating to revised credit facilities agreement	2	375
	1,014	1,946

9. Borrowings

	30 June 2024 £000 (unaudited)	31 December 2023 £000 (audited)
Current bank loan - secured	1,725	2,322
Non-current bank loan secured	19,985	20,579
	<hr/> 21,710 <hr/>	<hr/> 22,901 <hr/>

In 2022 the Company signed a new agreement with HSBC Bank plc ("HSBC") to replace the previous facility and has been extended to 30 September 2025 in March 2024. The new facility with HSBC consists of a revolving credit facility ("RCF") of £20m with a £6m term loan on a reducing basis. The term loan is being repaid in equal monthly instalments, starting in October 2022. The principal balance of the term loan at 30 June 2024 was £1.8m and of the RCF was £20.0m.

Interest on the borrowings is the aggregate of the applicable margin and SONIA for Pound Sterling / SOFR for US Dollar / EURIBOR for Euros.

Covenants based on EBITDA to Net Finance Charges and Total Net Debt to EBITDA are tested on a quarterly basis.

The current bank borrowings above are stated net of unamortised issue costs of debt of £0.1m (31 December 2023: £0.1m).

The facilities are secured by a fixed and floating charge over the assets of the Company and its subsidiaries. Interest is payable on amounts drawn on the revolving credit facility and loan facility at a covenant-dependent tiered rate of 2.60 % to 3.25% per annum over SONIA, with a reduced rate payable on the undrawn facility.

The Directors consider that there is no material difference between the book value and fair value of the loan.

10. Post balance sheet events

There have been no events subsequent to the reporting date which would have a material impact on the interim financial results.