Computacenter - Half-year Report

September 8, 2023

RNS Number : 7935L
Computacenter PLC
08 September 2023

Computacenter plc
Incorporated in England
Registration number: 03110569
LEI: 549300XSXUZ1I19DB105
ISIN: GB00BV9FP302

Computacenter plc

Interim results for the six months ended 30 June 2023

Computacenter plc ("**Computacenter**" or the "**Group**"), a leading independent technology partner trusted by large corporate and public sector organisations, today announces results, based on unaudited financial information, for the six month period ended 30 June 2023.

Financial highlights	**H1 2023**	**H1 2022**	**Percentage Change Increase / (Decrease)**
Financial Performance			
Technology Sourcing gross invoiced income (£ *million*)	**4,341.7**	3,219.4	34.9%
Services revenue (£ *million*)	**816.5**	752.5	8.5%
Gross invoiced income (£ *million*)	**5,158.2**	3,971.9	29.9%
Technology Sourcing revenue (£ *million*)	**2,768.4**	2,074.2	33.5%
Services revenue (£ *million*)	**816.5**	752.5	8.5%
Revenue (£ *million*)	**3,584.9**	2,826.7	26.8%
Adjusted[1] profit before tax (£ *million*)	**121.8**	111.9	8.8%
Adjusted[1] diluted earnings per share (*pence*)	**73.5**	69.8	5.3%
Dividend per share (*pence*)	**22.6**	22.1	2.3%
Profit before tax (£ *million*)	**122.8**	107.8	13.9%
Diluted earnings per share (*pence*)	**76.5**	67.3	13.7%
Cash Position			
Cash and cash equivalents (£ *million*)	**301.6**	193.5	

Adjusted net funds[3] (*£ million*)	**285.1**	159.3
Net funds (*£ million*)	**164.8**	12.1
Net cash inflow from operating activities (*£ million*)	**116.5**	8.1

Reconciliation to Adjusted[1] Measures

Adjusted[1] profit before tax (*£ million*)	**121.8**	111.9
Exceptional and other adjusting items:		
Amortisation of acquired intangibles (*£ million*)	**(5.5)**	(4.1)
Other income related to acquisition of a subsidiary (*£ million*)	**5.3**	-
Gain related to acquisition of a subsidiary (*£ million*)	**3.2**	-
Interest cost relating to acquisition of a subsidiary (£ *million*)	**(2.0)**	-
Profit before tax (*£ million*)	**122.8**	107.8

Operational Highlights:

- On track for the nineteenth consecutive year of adjusted[1] diluted earnings per share growth.
- Continued significant programme of strategic initiative expenditure to underpin our long-term resilience, competitiveness and growth with an additional expected spend of circa £13 million in FY23 compared to FY22.
- Cash has improved as inventory levels have reduced towards normal levels. Inventory is down by £217.2 million since the highpoint in Q3 2022.
- Revenue across the Group has grown by 26.8 per cent in H1 2023 vs H1 2022 with broad growth across our diversified geographic markets and service lines.

Mike Norris, Chief Executive of Computacenter plc, commented:

Our performance in the first half sets us on course for our nineteenth year of uninterrupted full-year adjusted[1] diluted earnings per share growth. Coupled with this first half performance, we have seen good progress in Q3 to date. Due to the industry returning to normal supply conditions we have seen a significant generation of cash as our inventory has reduced in the first half of 2023. We expect this to continue in the second half which will leave Computacenter with a strong balance sheet by the end of the year.

We are pleased with our progress towards both our short-term financial objectives and our long-term aspirations. The investments we are making, predominantly through our profit and loss account to make Computacenter a more secure and competitive organisation, are progressing well and continue at pace.

We are as excited and optimistic about the future as we have ever been.

Following a recently approved interpretation of the revenue accounting standard by the International Accounting Standards Board, we, and a number of our peer value-added resellers, have changed the way we recognise revenues for standalone software and resold third-party services contracts and revised our accounting policies to reflect this change. Accordingly, we have restated our prior-period revenues down from 2021 onwards, as we have now determined that we are an agent for these transactions and will recognise revenue on a net basis, with only the gross profit on these types of deals, being the gross invoiced income less the costs of the resold software or third-party services, showing as revenue, with nothing recorded in cost of goods sold. This change has been applied from 2022 and, retrospectively, we have restated our prior-year 2021 revenues. The equivalent adjustment is not available for years prior to 2021 as it is not practicable to calculate. Further information on this change, including the retrospective restatement of the financial statements, and the revised accounting policy, is available in note 3 to the 2022 Consolidated Financial Statements. The result for the period benefited from £85.5 million of revenue (H1 2022: £0.4 million), and £2.4 million of adjusted[1] profit before tax (H1 2022: nil), resulting from all acquisitions made since 1 January 2022. All figures reported throughout this announcement include the results of these acquired entities. The results of these acquisitions are excluded where narrative discussion refers to 'organic' growth within this announcement.

[1]Adjusted administrative expense, adjusted operating profit or loss, adjusted profit or loss before tax, adjusted tax, adjusted profit or loss, adjusted earnings per share and adjusted diluted earnings per share are, as appropriate, each stated before: exceptional and other adjusting items, including gains or losses on business acquisitions and disposals, amortisation of acquired intangibles, utilisation of deferred tax assets (where initial recognition was as an exceptional item or a fair value adjustment on acquisition), and the related tax effect of these exceptional and other adjusting items, as Management does not consider these items when reviewing the underlying performance of the Segment or the Group as a whole. A reconciliation to adjusted measures is provided in the Chief Financial Officer's review, which details the impact of exceptional and other adjusted items when compared to the non-Generally Accepted Accounting Practice (GAAP) financial measures, in addition to those reported in accordance with IFRS. Further detail is provided within note 4 to the summary financial information contained within this announcement.

[2]We evaluate the long-term performance and trends within our strategic priorities on a constant-currency basis. The performance of the Group and its overseas Segments are also shown, where indicated, in constant currency. The constant currency presentation, which is a non-GAAP measure, excludes the impact of fluctuations in foreign currency exchange rates. We believe providing constant currency information gives valuable supplemental detail regarding our results of operations, consistent with how we evaluate our performance.

We calculate constant currency percentages by converting our prior-period local currency financial results using the current period average exchange rates and comparing these recalculated amounts to our current period results or by presenting the results in the equivalent local currency amounts. Wherever the performance of the Group, or its overseas Segments, is presented in constant currency, or equivalent local currency amounts, the equivalent prior-period measure is also presented in the reported pound sterling equivalent, using the exchange rates prevailing at the time. 2023 interim highlights, as shown above, are provided in the reported pound sterling equivalent.

[3]Adjusted net funds or adjusted net debt includes cash and cash equivalents, other short- or long-term borrowings and current asset investments. Following the adoption of IFRS 16, this measure excludes all lease liabilities. A table reconciling this measure, including the impact of lease liabilities, is provided within note 13 to the summary financial information contained within this announcement.

[4]Gross invoiced income is based on the value of invoices raised to customers, net of the impact of credit notes and excluding VAT and other sales taxes. This reflects the cash movements to assist Management and the users of this announcement in understanding revenue growth on a 'principal' basis and to assist in their assessment of working capital movements in the Consolidated Balance Sheet and Consolidated Cash Flow Statement. This measure allows an alternative view of growth in adjusted gross profit, based on the product mix differences and the accounting treatment thereon. Gross invoiced income includes all items recognised on an 'agency' basis within revenue, on a gross income billed to customers basis, as adjusted for deferred and accrued revenue. A reconciliation of revenue to gross invoiced income is provided within note 5 to the summary financial information contained within this announcement.

The term Group refers to Computacenter plc and its subsidiaries.

Enquiries:

Computacenter plc

Mike Norris, Chief Executive	01707 631601
Chris Jehle, Finance Director	01707 631515

Teneo

James Macey White	020 7353 4200
Matt Low	

DISCLAIMER - FORWARD LOOKING STATEMENTS

This announcement includes statements that are, or may be deemed to be, 'forward-looking statements'. These forward-looking statements can be identified by the use of forward-looking terminology, including the terms 'anticipates', 'believes', 'estimates', 'expects', 'intends', 'may', 'plans', 'projects', 'should' or 'will', or, in each case, their negative or other variations or comparable terminology, or by discussions of strategy, plans, objectives, goals, future events or intentions. These forward-looking statements include all matters that are not historical facts. They appear in a number of places throughout this announcement and include, but are not limited to, statements regarding the Group's intentions, beliefs or current expectations concerning, amongst other things, results of operations, prospects, growth, strategies and expectations of its respective businesses.

By their nature, forward-looking statements involve risk and uncertainty because they relate to future events and circumstances. Forward-looking statements are not guarantees of future performance and the actual results of the Group's operations and the development of the markets and the industry in which they operate or are likely to operate and their respective operations may differ materially from those described in, or suggested by, the forward-looking statements contained in this announcement. In addition, even if the results of operations and the development of the markets and the industry in which the Group operates are consistent with the forward-looking statements contained in this announcement, those results or developments may not be indicative of results or developments in subsequent periods. A number of factors could cause results and developments to differ materially from those expressed or implied by the forward-looking statements, including, without limitation, those risks in the risk factor section of the Computacenter plc 2022 Annual Report and Accounts, as well as general economic and business conditions, industry trends, competition, changes in regulation, currency fluctuations or advancements in research and development.

Forward-looking statements speak only as of the date of this announcement and may, and often do, differ materially from actual results. Any forward-looking statements in this announcement reflect the Group's current view with respect to future events and are subject to risks relating to future events and other risks, uncertainties and assumptions relating to the Group's operations, results of operations and growth strategy.

Neither Computacenter plc nor any of its subsidiaries undertakes any obligation to update the forward-looking statements to reflect actual results or any change in events, conditions or assumptions or other factors unless otherwise required by applicable law or regulation.

OUR INTERIM PERFORMANCE IN 2023

GROUP

Financial performance

Our strong trading performance during the period to 30 June 2023 is testament to the diversity of our business model. We operate in multiple geographies, multiple business lines, selling a variety of technologies.

We have seen extraordinary growth in gross invoiced income and revenue despite well published challenging macro-economic conditions. During the period we have grown significantly faster than the market as a whole and also our major competitors. Therefore, we have gained market share. Without doubt we have benefited from the fact our target market, the largest customers, have proved the most resilient and continued to invest in technology. Additionally, we have grown our share within our existing customers and also acquired new customers.

In 2005, we pivoted Computacenter's strategy to dramatically grow our Services business, and I'm pleased to say we've grown our adjusted[1] earnings per share (EPS) every year since. That change was made simply because the diversification allows us to be in control of our own destiny.

We now have the largest services business of any value-added reseller, as well as the largest value-added reseller capability of any services business worldwide. Executing our business model, built on the three primary service lines of Technology Sourcing, Professional Services and Managed Services, supports Our Purpose of helping our customers change the world.

Over the last 18 years this strategy has worked, particularly in Europe where we continue to work on behalf of our customers across these primary service lines whilst remaining independent from our technology vendors even though we work together in partnership with all of them.

Our expanding global reach has enabled us to serve numerous significant customers across their various locations. Providing a single point of accountability for products and services has been well received and our delivery capabilities across multiple geographies offer us a competitive advantage in meeting cost requirements, while delivering exceptional customer service.

As we entered 2023 we continued to focus on a number of areas of our business identified during 2022. Whilst we were pleased with how the second half of last year progressed there remained much to do in the first half of 2023 in order to be truly satisfied with our ongoing performance for the period and the full year as a whole.

We continue to make progress in each of the following areas, described below, particularly with the challenges facing the broader market.

Increasing the spend on targeted investments through the income statement, ensuring another year of adjusted[1] diluted earnings per share growth, achieving gross invoiced income growth in the United Kingdom Segment, arresting the growth in our inventory to improve our cash position and stabilising our Services margins remain key to our ongoing success.

Results	H1 2023 £m	H1 2022 £m	Percentage change	H1 2022 £m constant currency[2]	Percentage change
Professional Services revenue	**333.7**	298.4	**11.8%**	308.4	**8.2%**
Managed Services revenue	**482.8**	454.1	**6.3%**	466.3	**3.5%**
Services revenue	**816.5**	752.5	**8.5%**	774.7	**5.4%**
Technology Sourcing gross invoiced income	**4,341.7**	3,219.4	**34.9%**	3,319.3	**30.8%**
Total gross invoiced income	**5,158.2**	3,971.9	**29.9%**	4,094.0	**26.0%**
Professional Services revenue	**333.7**	298.4	**11.8%**	308.4	**8.2%**
Managed Services revenue	**482.8**	454.1	**6.3%**	466.3	**3.5%**
Services revenue	**816.5**	752.5	**8.5%**	774.7	**5.4%**
Technology Sourcing revenue	**2,768.4**	2,074.2	**33.5%**	2,151.3	**28.7%**
Total revenue	**3,584.9**	2,826.7	**26.8%**	2,926.0	**22.5%**
Gross profit	**505.7**	424.9	**19.0%**	437.4	**15.6%**
Adjusted[1] total administrative expenses	**(387.2)**	(310.7)	**24.6%**	(320.5)	**20.8%**
Adjusted[1] operating profit	**118.5**	114.2	**3.8%**	116.9	**1.4%**
Net adjusted[1] finance costs	**3.3**	(2.3)	**(243.5%)**	(2.4)	**(237.5%)**
Adjusted[1] profit before tax	**121.8**	111.9	**8.8%**	114.5	**6.4%**
Gross profit	**505.7**	424.9	**19.0%**		
Total administrative expenses	**(392.7)**	(314.8)	**24.7%**		
Other income related to acquisition of a subsidiary	**5.3**	-	**-**		
Gain related to acquisition of a subsidiary	**3.2**	-	**-**		
Operating profit	**121.5**	110.1	**10.4%**		
Net finance costs	**1.3**	(2.3)	**(156.5%)**		
Profit before tax	**122.8**	107.8	**13.9%**		

Investments

Those of you who follow Computacenter closely will know that this year will see significant incremental targeted strategic investment project spend through our income statement.

Spend on our critical strategic corporate initiatives has increased by more than double to £11.9 million in the first half of the year (H1 2022: £5.5 million) split between projects that will improve capabilities, productivity and underpin our systems of the future, now. This increase in spend we expect to continue throughout 2023 and 2024.

While general market conditions are good, they are not as robust as they have been for the last couple of years. However, we are not letting that affect our investment strategy.

Most of the spend is focused on our systems to ensure that they continue to be secure and supportable. We are not just upgrading, that simply isn't enough, but also moving to new systems in order to obtain the security and support we need and develop competitive advantage through continued operational leverage of these new toolsets and processes.

Cyber risk remains one of the greatest risks to our business, but also presents one of the greatest opportunities to differentiate from our competitors through our internal resilience and by helping our customers to overcome these same challenges. We will continue to invest heavily to prevent a cyber breach.

Whilst cyber risk forms part of the Group's overall Principal Risks, as detailed on pages 74 to 81 of our 2022 Annual Report and Accounts, it could be argued that cyber risk is the single major risk facing large corporates today.

In light of recent significant, well-published cyber attacks in the last year against certain of its key strategic suppliers, the UK Government has sent a clear and simple message: they want to make cyber security one of the top priorities for their strategic suppliers, alongside the many other demands on large corporates.

Adjusted[1] diluted EPS

We are pleased to see the growth in adjusted[1] profit before tax for the first half of 2023 over the first half of 2022 following the expected re-emergence of seasonality that is closer to our historical norms. Historically, revenues have been higher in the second half of the year than in the first six months, principally due to customer buying behaviour. This typically leads to a more pronounced effect on operating profit.

The result for the period benefited from £85.5 million of revenue (H1 2022: £0.4 million), and £2.4 million of adjusted[1] profit before tax (H1 2022: nil), resulting from all acquisitions made since 1 January 2022. All figures reported throughout this announcement include the results of these acquired entities.

Our growth performance in the first half of 2023 has been assisted by currency movements and the BITS acquisition made in the second half of last year. This was far outweighed by the challenges presented by cost inflation, salary increases and demand variability. Despite these headwinds, our continued growth means that Computacenter remains poised to achieve a nineteenth consecutive year of adjusted[1] diluted EPS growth.

Adjusted[1] diluted EPS, the Group's primary EPS measure, increased by 5.3 per cent in H1 2023 to 73.5 pence (H1 2022: 69.8 pence). Diluted EPS increased by 13.7 per cent to 76.5 pence (H1 2022: 67.3 pence).

Inventory

The supply chain constraints that we saw during the last 18 months to 31 December 2022 have now eased materially with availability of product now largely returning to normal.

The Group had £315.4 million of inventory as at 30 June 2023, a decrease of 21.0 per cent since 30 June 2022 (£399.3 million), and a decrease of 19.4 per cent in constant currency[2]. In the last six months, inventory has fallen £102.3 million (31 December 2022: £417.7 million). Whilst we have already been paid for some of this inventory, customers are committed, through individual non-cancellable purchase orders, to taking nearly all of the rest of the holding, so it is a largely risk-free position.

Total inventory across the Group has fallen by £217.2 million since 30 September 2022 at the high point of the product supply issues.

During 2021 and 2022, customers switched to ordering much further in advance of their requirement than normal. This spiked our inventory levels and our product order backlogs.

The Group continues to carry more inventory than normal, however customers are becoming more assured that they no longer need to order significantly further in advance of their requirement and are becoming confident that even large orders are addressable in standard time frames.

This positivity in customer outlook is naturally reducing our inventory as inventory was accumulated well in advance of dispatch and also our product order backlogs as delivery lead-times are able to be reduced. Further, manufacturers are more able to deliver complete orders ready for shipment rather than supplying product into inventory when an order was only partly available. Finally, we are holding significantly less stock for orders that are delayed pending a critical part or where customers had ordered early and subsequently delayed delivery, as their data center facilities or other project requirements were not ready.

Further commentary on progress and initiatives in reducing our inventory and improving our cash generation is available in the Chief Financial Officer's Review.

United Kingdom performance

The United Kingdom saw 8.7 per cent growth in gross invoiced income during the first half of the year. Within this top-line growth, the product mix has changed significantly from hardware, which decreased, towards software and resold services where, with software in particular, longer-term framework contracts are becoming prevalent.

Whilst gross invoiced income and revenue growth remains robust in a challenging market, we remain unsatisfied with the overall UK profitability performance. Reducing Services margins, the change in Technology Sourcing product mix towards lower margin revenues and increasing administrative expenses have all impacted the UK profitability in the period. We will look to achieve a stronger second half performance to drive the Group result.

Services margins

Computacenter, like most companies, is affected by wage inflation associated with the macroeconomic disruption. Whilst the Services business continues to offer us opportunities to differentiate from our competition and the ability to penetrate customers with the three elements of our business model, it remains a people-intensive operation and therefore is more exposed to these inflationary pressures.

Pay rises in our Services business often precede price rises to our customers. Services contracts generally have specific cost of living adjustment clauses within them that enable us to increase our rate card prices and recover increases in our costs at a later date.

Services margins are 156 basis points down from that achieved in H1 2022. This is not far below pre-Covid-19 levels and a marginally better performance than we had anticipated.

We feel that we have managed these inflationary pressures well during the first half of the year with margins down less than expected within our early forecasts for the performance over the first six months.

We believe that we have absorbed the majority of the cost increases foreseen within a flat overall Services gross profit performance in H1 2023 and expect that the continued robustness of the Services top-line growth, which saw H1 2023 Services revenue grow by 8.5 per cent compared to H1 2022, will flow through to gross profit unhindered by this short-term reversal in Services margins.

Less than 20 per cent of our employees now reside in the United Kingdom, so the impact of these inflationary pressures should be considered on a more global basis than simply on the macroeconomic performance within the United Kingdom itself.

Technology Sourcing trading performance

Our Technology Sourcing product sales continued the extremely strong performance seen in the second half of 2022 throughout the first half of 2023, with very strong demand in all countries in which we operate. Trading across all of our major geographies was pleasing throughout the year, with double-digit growth, again, in gross invoiced income in each Segment.

Group Technology Sourcing gross invoiced income grew by 34.9 per cent including the effects of acquisitions made in the middle of 2022, and by 30.8 per cent in constant currency[2].

Product order backlogs have fallen sharply as customer ordering behaviour returns to normal, however demand and gross invoiced income growth has remained very high. The recent driver of customers' IT purchasing has focused on the near-term impacts of the economic downturn, as they look to re- engineer IT structures and employ digital transformation to cope with the ever-evolving technology landscape and the need to reduce non-IT operating costs. This, coupled with an escalatory cyber threat landscape will continue to sustain demand in the short to medium term.

We believe that IT spend remains strategic to our customers and will be amongst the last expenditure categories to be retrenched if the forecast global-economic recession becomes a reality.

The strength of the overall Technology Sourcing result is driven by the spread of the customer base across multiple market segments, technology lines and geographies, which create durability and sustainability within the business model through diversification.

Our product order backlogs, which are the total value of committed outstanding purchase orders placed with our technology

vendors against non-cancellable sales orders received from our customers for delivery within 12 months, across all geographies, remain buoyant against historical trends, but are considerably lower than as at 30 June 2022. As described above, both the product supply situation and the ordering behaviour of customers has also returned to normal, with customers no longer placing long-lead-time orders due to the availability of product. The product order backlog at 30 June 2023 was £1,521.2 million, on a gross invoiced income basis, a 48.3 per cent decrease since 30 June 2022 (£2,943.3 million) in constant currency[2]. The June 2022 backlog is impacted by a one-off order from a single customer placed in May 2022 for $847 million that has now been delivered.

The Technology Sourcing backlog, alongside the Managed Services Contract Base and the Professional Services forward order book allow us visibility of future revenues in these areas. This gives us confidence that the Technology Sourcing business will be well placed in the year ahead.

Overall Group Technology Sourcing margins, based on gross profit as a percentage of revenue, held firm experiencing a slight drop of 38 basis points during the year, mainly due to customer and product mix changes.

Services trading performance

Our Services revenue performance was robust during the period and we are confident of continued Services revenue growth fuelled by the continuing success story that is our Professional Services business and the strength of recent wins within Managed Services that will deliver growth over the next 12 months.

Professional Services is an essential part of our integrated business model - to help us create significant value for our customers and to be a volume-revenue and profit-growth driver for our business. We now have a Professional Services business with more than 6,000 people who completed over 1,900 projects in 2022, with more than 1.4 million billed consultancy hours in that time. We are committed to growing and enhancing our Professional Services business even further by having a broader and scalable portfolio across all countries, based on a common operating framework and a strong sales approach.

We continue to focus on the importance of our Services businesses within the context of our overall business model offering to our customers. Managed Services in particular is important to the longevity of customer relationships with us. The ability to cross-sell and upsell Professional Services and Technology Sourcing to our Managed Services customers increases our share of the overall IT wallet in those customers and makes those customers stick with Computacenter. More than three-quarters of our major European headquartered customers contract with us for our Managed Services.

Our Services margin performance was impacted in H1 2023 through the effects of price inflation on our delivery models which we expect to continue, albeit stabilise, into H2 2023 as noted above.

United Kingdom

Financial performance

In the UK, the well-publicised unsettled economic conditions impacted our business in the first half of 2023. Businesses and organisations have experienced delays in project implementations and have been deferring critical technology investment decisions, resulting in the market softening as the year has progressed.

Early in the year, we implemented new leadership followed by significant structural changes, to enhance our focus on our target market and maximise growth opportunities. As part of this, we expanded our sales sectors from four to five, allowing us to get closer to our customers, better understand their needs and preferences, and ultimately drive increased sales opportunities. Our focus on large customers has never been more evident and we continue to identify opportunities in this area of the market. Our strategy has been streamlined to cater to a core set of enterprise organisations in the private and public sectors, ensuring a targeted, efficient and differentiated approach.

With the backdrop of the increased cost of living in the UK, the action we have taken to restructure the business has enabled us to keep tight control of our cost base. We believe this sets us up well for growth in the second half of the year.

Overall, gross margins in the United Kingdom decreased by 139 basis points, with total adjusted[1] gross profit at 18.5 per cent of revenues (H1 2022: 19.9 per cent).

Results	**H1 2023 £m**	H1 2022 £m	**Percentage change**
Professional Services revenue	**65.6**	72.5	**(9.5%)**
Managed Services revenue	**154.6**	159.4	**(3.0%)**

Services revenue	**220.2**	231.9	**(5.0%)**
Technology Sourcing gross invoiced income	**1,051.0**	937.8	**12.1%**
Total gross invoiced income	**1,271.2**	1,169.7	**8.7%**
Professional Services revenue	**65.6**	72.5	**(9.5%)**
Managed Services revenue	**154.6**	159.4	**(3.0%)**
Services revenue	**220.2**	231.9	**(5.0%)**
Technology Sourcing revenue	**465.9**	421.9	**10.4%**
Total revenue	**686.1**	653.8	**4.9%**
Gross profit	**127.2**	130.3	**(2.4%)**
Adjusted[1] administrative expenses	**(101.7)**	(85.3)	**19.2%**
Adjusted[1] operating profit	**25.5**	45.0	**(43.3%)**

Technology Sourcing performance
Technology Sourcing volumes started the year strongly but softened as the first half of the year progressed. This challenge was accentuated by two very large transactions that were concluded earlier in the period. The variability in demand also resulted in a particular squeeze on margins. This resulted in our Technology Sourcing margins, based on gross profit as a percentage of revenue, reducing by 123 basis points during H1 2023. We see evidence to suggest that margins will continue to improve in the second half of the year but not to the levels of 2022.

In the first half of 2023, we experienced a continued dampening in demand for hardware, particularly in the workplace area. This can be attributed to the significant investments customers made through the pandemic to support home and hybrid working and the completion of a number of large Windows 10 rollouts. As anticipated in our previous statement, this has led to a lag in customer adoption of Windows 11, a trend that is likely to continue into the rest of 2023 and 2024. Workplace activity is critical for sustaining our margins within our Integration Centers. This facility plays a crucial role in configuring devices for our customers and provides a comprehensive set of value-added services. Decreased hardware demand has affected margins associated with these activities as our costs remain largely fixed even as volumes decline.

As we move further into 2023 and approach 2024, we expect the adoption of Windows 11 to gain momentum. This will likely drive increased demand for new hardware, as customers upgrade their systems to align with the new operating system. We are well prepared to support our customers to transition seamlessly to Windows 11.

In the enterprise space, we are pleased to report good growth in our data center and cloud businesses. Our efforts to assist customers in adopting public cloud offerings have yielded positive results. We are also seeing increasing regulatory pressure on some of our largest customers, which is resulting in more balance between public and private cloud requirements.

The product order backlog at 30 June 2023 was £303.4 million of committed outstanding purchase orders placed with our technology vendors against non-cancellable sales orders received from our customers for delivery within 12 months, on a gross invoiced income basis - a 19.7 per cent increase since 30 June 2022 (£253.5 million), and an 8.3 per cent decrease since 31 December 2022 (£331.0 million). The UK has seen several large customers place significant hardware orders leading to a recent overall increase in the product order backlog, against the trend seen within the rest of the Group.

Services performance
In Managed Services, customers are increasingly looking to achieve cost and efficiency benefits by outsourcing elements of their IT infrastructure. We have concluded a large number of contract renewals already this year and have some exciting new business campaigns coming to an imminent conclusion. Services volumes and margins increased as the first half of the year progressed and with an improving pipeline of opportunities, we are confident this trajectory will continue.

While revenue in Managed Services has remained relatively stable, we have observed an uptick in logistics-based and maintenance services, indicating potential growth avenues in these areas. This is in addition to the continued interest in our established global end-user services, where we are highly confident in our delivery capabilities and growth opportunities with our network Managed Services.
In 2021, we secured a significant Managed Services contract with a large retail bank, encompassing a Device as a Service

(DaaS) model with worldwide support coverage and integrated Technology Sourcing. We continue to transition some of the customer's key countries to the new model at the end of H1 2023, with further countries set to follow in the second half of 2023. This successful implementation showcases our expertise and strengthens our position as a reliable partner for complex and globally-scaled projects. In addition to this contract, we have actively engaged in a multitude of opportunities related to DaaS. Customers are showing interest in optimising their end-user compute into a single service offering, and with a strong international product and large complementary services business, we are well positioned to meet their needs.

The lower demand in Technology Sourcing has had a ripple effect in Professional Services, where our teams roll out technology solutions sold to our customers. However, we have witnessed significant growth in supporting customers' adoption of public cloud and expanding and securing their networks. Our Professional Services have become increasingly sought after in this area, as we help our customers navigate through this complexity.

The pipeline for Professional Services remains robust for the next 12 months. This strong pipeline instils confidence in our ability to capitalise on growth opportunities and drive positive outcomes for our customers.

There has been a slight decline in the number of large outcome-based commercial projects executed in the period. The reduction in Professional Services volumes against a fixed resource base, and the cost inflation seen across both Services businesses has seen Services margins decrease by 117 basis points when compared to the prior period.

As we move into the second half of 2023 and beyond, we remain focused on leveraging growth opportunities and optimising our service offerings. While challenges persist, our unwavering commitment to excellence and customer satisfaction positions us for continued positive momentum in the market.

Germany

Financial performance
We closed the first half successfully, with very good revenue and profit growth driven by an exceptionally strong Technology Sourcing business. Professional Services achieved good double-digit growth and a strong pipeline. There are some challenges, especially in Managed Services, which impacted the results and will continue in the second half of the year.

Despite the uncertain economic and political situation, with high inflation and significant cost increases, especially in personnel and energy costs, the economy is proving stable and robust. We are benefiting from our strong focus on enterprise and public sector business. We expanded our customer base and significantly broadened our portfolio with existing customers. Our investments in expanding the sales force and broadening the technology and skills base are showing clear benefits and creating the basis for further sustained growth.

Supply bottlenecks and interrupted logistics chains had a very negative impact on business in 2022 but will only have a minor effect in 2023. Our investments in our logistics and warehouse capacities have proven beneficial.

We achieved some good successes on the customer side, which show our portfolio breadth and our ability to help our customers with their IT challenges. For example, we concluded the largest Cisco Whole Portfolio Agreement contract in Europe, with a major international industrial technology group headquartered in Germany. This contract covers the full Cisco software portfolio, which we will implement and support for at least five years. We will continue to equip, modernise, and operate IT infrastructure of all schools for a large southern German state capital in the coming years. This is an important success in our initiative to develop the German education market and to improve schools' technical equipment, with modern and innovative infrastructure and solutions. In the transport sector, we already configure and deliver more than 100,000 mobiles per year for the largest German transport company, and we will now provide a large part of its personal computer client infrastructure from next year onwards.

In addition, we significantly expanded our app development and cloud management business. The investment in our near-shore location in Cluj, Romania, gives us a perfect combination of skills in state-of-the-art development technologies in Cluj and solution designers and project managers from our German business, to support the many customers cannot, or do not want to, outsource these tasks off-shore.

We are looking positively to the second half of the year. Even though the challenges in Managed Services will continue, our current forecast shows strong top-line growth for the year as a whole. We will also show good growth in earnings, despite the significant increase in our cost base, which is mainly due to inflation.

The ongoing investments, especially in sales but also in technological skills, create a good basis for continued growth beyond 2023.

Margins in Germany increased by 72 basis points, with adjusted[1] gross profit increasing from 17.7 per cent to 18.4 per cent of revenues, as explained below.

Results	H1 2023 £m	H1 2022 £m	Percentage change	H1 2023 €m	H1 2022 €m	Percentage change
Professional Services revenue	**181.8**	149.0	**22.0%**	**207.4**	177.0	**17.2%**
Managed Services revenue	**199.1**	179.0	**11.2%**	**226.9**	212.5	**6.8%**
Services Revenue	**380.9**	328.0	**16.1%**	**434.3**	389.5	**11.5%**
Technology Sourcing gross invoiced income	**1,042.5**	668.1	**56.0%**	**1,188.8**	793.7	**49.8%**
Total gross invoiced income	**1,423.4**	996.1	**42.9%**	**1,623.1**	1,183.2	**37.2%**
Professional Services revenue	**181.8**	149.0	**22.0%**	**207.4**	177.0	**17.2%**
Managed Services revenue	**199.1**	179.0	**11.2%**	**226.9**	212.5	**6.8%**
Services revenue	**380.9**	328.0	**16.1%**	**434.3**	389.5	**11.5%**
Technology Sourcing revenue	**592.8**	464.1	**27.7%**	**676.5**	551.5	**22.7%**
Total revenue	**973.7**	792.1	**22.9%**	**1,110.8**	941.0	**18.0%**
Gross profit	**179.1**	140.0	**27.9%**	**204.3**	166.3	**22.9%**
Adjusted[1] administrative expenses	**(105.8)**	(84.6)	**25.1%**	**(120.7)**	(100.6)	**20.0%**
Adjusted[1] operating profit	**73.3**	55.4	**32.3%**	**83.6**	65.7	**27.2%**

Technology Sourcing performance

The first-half result was outstanding, with growth very much above previous periods, and ahead of the market. Growth was driven by networking and security but data center and workplace also showed good growth.

It was important not to sacrifice margin for revenue growth and we are more than satisfied with the result. Despite the significant increase in the share of software in total Technology Sourcing revenue, the percentage margin was stable, at a good level.

In addition to the increasingly strong software business, we are seeing greater customer demand to bundle procurements in bigger framework contracts. This particularly applies to the global requirements of large international customers.

Another trend is to combine innovative and flexible financing solutions with asset management, deployment and maintenance services. The DaaS solution, developed by Computacenter based on ServiceNow and an Asset Intelligence Hub, is exactly the right solution for this. The first international implementation of this solution went live for a large German financial institution at the end of the first half.

Technology Sourcing margins, based on gross profit as a percentage of revenue, were very strong increasing by 243 basis points over the period.

The product order backlog at 30 June 2023 was €168.7 millionof committed outstanding purchase orders placed with our technology vendors against non-cancellable sales orders received from our customers for delivery within 12 months, on a gross invoiced income basis - a 63.0 per cent decrease since 30 June 2022 (€456.4 million), and a 53.5 per cent decrease since 31 December 2022 (€362.9 million).

Services performance

While Professional Services showed good revenue and profit growth, Managed Services faced some challenges. Although we achieved slight turnover growth in Managed Services, the cost base increased significantly. Most of this was inflation-related, with a significant rise in personnel expenses in particular. In addition, there were one-off costs for onboarding new service contracts won in 2022 and technology refreshes of existing contracts that were up for renewal. Not all of these cost

increases could be passed on to customers or offset by cost-reducing measures.

The Professional Services business saw continuing strong demand for support, engineering and consultancy services from public sector customers. We are excellently positioned here, with a broad base of framework agreements and a very good customer structure, primarily with federal and state authorities and larger local country departments and cities. This demand will be robust in the coming years and will remain our focus. However, we also see a continuing need for project support and skills in our enterprise customer segment, especially in networking and security, data center consolidation and cloud management, as well as for expanding modern workplace infrastructures. Our application development business, that we have grown organically, continues to be in high demand with our customers.

The picture in Managed Services is complex, with both challenges and opportunities. One challenge is to mitigate the increased cost base, either by passing on the higher costs to our customers or by achieving additional savings, for example by using more automation. An initiative we launched in 2022 is showing good success here. The second challenge is to successfully conclude the current transformation projects and transfer the services to ongoing operations.

The opportunities come from an increasing number of our international customers looking for IT infrastructure service providers who can deliver these services themselves, with a high proportion of their own input, own toolings and interfaces like we have in our new DaaS offering. In workplace and networking we have positioned ourselves precisely for this and see clear opportunities to differentiate ourselves from the competition.

Overall, we are not completely satisfied with the results in Services with margins falling 154 basis points in the period. However, the very different pictures in the two services lines also show that we can compensate for weaknesses in one area with strengths in the other. This is a great advantage of Computacenter's strategic orientation, with its three service lines of Technology Sourcing, Professional Services and Managed Services.

France

Financial performance

Building on a very strong 2022 year-end performance, our French business continued its excellent momentum into 2023 and delivered good growth over the same period last year. As expected, this progress was mainly driven by our Technology Sourcing business, with higher volumes and improved contribution due to a better mix, with more enterprise technology sales. We were also pleased to add a new multi-year networking public framework contract to our portfolio.

Simultaneously, we have developed our competencies in software licensing solutions. We made good progress in 2022 leveraging these new capabilities and this has helped us deliver some significant new wins in this area in H1 2023. We are confident this trend will continue in the remainder of 2023, as the majority of our technology vendors continue to move their businesses to software and subscription services.

Towards the end of 2020, we acquired BT's domestic services operations in France and renamed the subsidiary Computacenter NS (CCNS). CCNS has significantly improved our capabilities around networking and security in France and brought our capability much more in line with other Computacenter territories. Since 1 January 2023, all CCNS operations teams have been fully integrated within our Computacenter operating model. During the period, we drove the merger project consultation process in conjunction with the two Works Councils, leading to a single company in France.

Compared to the previous year, our operating profit improved in the first half. Nevertheless, we are still working to increase this further, mainly through higher resources utilisation across Managed Services departments. At the end of the first half, we appointed a new Managed Services Sales Director to increase the focus on Managed Services selling.

The French market continues to be affected by inflation, although this is now at a lower rate. We have been working with customers to apply new rates where appropriate and our contracts permit it. Customers are still strongly investing in IT but decision making is taking longer and this has impacted sales cycles. We remain very focused on our core target market and driving business with new customers, to increase our share of the market and improve our visibility.

Margins in France increased by 62 basis points, with adjusted[1] gross profit increasing from 12.0 per cent to 12.6 per cent of revenues.

Results	**H1 2023 £m**	H1 2022 £m	**Percentage change**	**H1 2023 €m**	H1 2022 €m	**Percentage change**
Professional Services revenue	**25.5**	19.1	**33.5%**	**29.1**	22.8	**27.6%**

Managed Services revenue	**67.9**	66.4	**2.3%**	**77.4**	78.9	**(1.9%)**
Services revenue	**93.4**	85.5	**9.2%**	**106.5**	101.7	**4.7%**
Technology Sourcing gross invoiced income	**337.7**	255.6	**32.1%**	**385.6**	303.0	**27.3%**
Total gross invoiced income	**431.1**	341.1	**26.4%**	**492.1**	404.7	**21.6%**
Professional Services revenue	**25.5**	19.1	**33.5%**	**29.1**	22.8	**27.6%**
Managed Services revenue	**67.9**	66.4	**2.3%**	**77.4**	78.9	**(1.9%)**
Services revenue	**93.4**	85.5	**9.2%**	**106.5**	101.7	**4.7%**
Technology Sourcing revenue	**227.9**	183.1	**24.5%**	**260.2**	217.1	**19.9%**
Total revenue	**321.3**	268.6	**19.6%**	**366.7**	318.8	**15.0%**
Gross profit	**40.4**	32.1	**25.9%**	**46.2**	37.9	**21.9%**
Adjusted[1] administrative expenses	**(37.6)**	(31.6)	**19.0%**	**(43.0)**	(37.4)	**15.0%**
Adjusted[1] operating profit	**2.8**	0.5	**460.0%**	**3.2**	0.5	**540.0%**

Technology Sourcing performance

Technology Sourcing performance was very strong in the first half of the year, across both our public and private sector businesses. The public sector remains the biggest contributor and this is mainly related to multi-year framework agreements. We are pleased to have increased our presence in this area and were successful in winning new software and networking contracts in the period, which will continue to drive growth.

The first half saw increased revenue in the networking business, due to the improved availability of products and high product order backlog in this category. The mix of products we are now selling is less reliant on workplace technology and more evenly balanced with enterprise technology (data center and network), resulting in improved margins.

Our product order backlog was stable in H1 and is running at a slightly lower level than the 2022 monthly average, due to the better availability of products, although it is still 35 per cent higher than the 2021 average. The backlog has been bolstered by strong software growth, mainly in the public sector.

We continue to invest in our technical skills in France and are committed to maintaining the highest levels of accreditations for our priority technology vendors. This is true for our portfolio and specifically in the networking area.

Our Integration Center in Gonesse was busy in the first half of the year, with a slight decrease in utilisation compared to H2 last year. Our spike in the storage of customer equipment is now more controlled, with inventory levels being managed through weekly analysis and regular challenge, to ensure we are meeting customer needs but not holding stock unnecessarily.

This resulted in our Technology Sourcing margins, based on gross profit as a percentage of revenue, increasing by 140 basis points during H1 2023.

The product order backlog at 30 June 2023 was €68.8 million of committed outstanding purchase orders placed with our technology vendors against non-cancellable sales orders received from our customers for delivery within 12 months, on a gross invoiced income basis - a 60.3 per cent decrease since 30 June 2022 (€173.1 million), and a 48.0 per cent decrease since 31 December 2022 (€132.2 million).

Services performance

Our Services performance was broadly in line with our expectation, with growth in Professional Services and a slight decrease in Managed Services, resulting in stable volumes overall. Services margins decrease by 204 basis points.

Growth in Professional Services was mainly correlated with large outcome-based projects in the public sector. Maintaining this level of growth is directly related to having the right skills available at the right time and in the right place, which is

still a challenge due to the low availability in some areas, despite the acquisition of CCNS. Recruitment is a key success factor for future growth in Professional Services and a new campaign around Computacenter as an employer is planned for launch in H2.

In Managed Services, we saw a slight decrease in volume and performance. Managed Services contracts are predominantly in the private sector rather than the public sector, with a high level of price competition for end user services. Contracts won in 2022 around networking maintenance are delivering the planned profit but we need to win more contracts that utilise our infrastructure to improve our margins. Despite the loss of a high revenue but low-margin contract, H1 was good for contract renewals through proactive discussions with our customers, and in many instances, we have been able to expand the scope of these contracts.

We have initiated a refreshed plan, with the support of wider Group resources, to ensure contract base growth in 2024 and 2025, as we know that sales cycles for our Managed Services can be very long. The finalisation of the Group operating model around Managed Services, the integration of CCNS on 1 January this year and the merger will support our growth aspirations.

North America

Financial performance

North America's financial results for the period include revenue of $102.8 million and adjusted[1] operating profit of $3.0 million from Business IT Source (BITS), which we acquired on 1 July 2022. The comparative figures for the first half of 2022 do not include any results for BITS.

North America had a positive first half, finishing well against both our target and the prior period. Excluding BITS, organic revenue growth was 30.9 per cent in constant currency[2]. This performance was driven by Technology Sourcing, with revenue in Services up modestly.

During the period, we significantly simplified the way that the North America business goes to market. We have reduced the number of customer sectors we work in from thirteen to seven, to ensure that we are targeting markets with appropriate sizes and that we can support them effectively. In addition, we have consolidated the senior leadership team beyond the sales area, to give us a more streamlined and strategic approach to managing the business.

We continue to expand the number of salespeople to support our growth. Towards the end of the period, we received signed offers from all 13 finalists that participated in our early careers programme. This approach is well established in our European businesses and we are excited to introduce it to North America. The 13 finalists distinguished themselves throughout a rigorous process that showcased sales skills, creativity and perseverance. We received over 5,000 applications for the roles and we are delighted to be welcoming significant new talent to Computacenter. At the same time, we continue to add experienced sellers in markets such as Texas, where there is abundant opportunity.

At the beginning of the year, we identified a number of prospective customers that we consider to be strategic for us in the long term. In the first half, we received orders from nearly 20 of these organisations and we expect them to become significant customers for us in the future. We also moved the bottom 10 per cent of revenue customers to highly effective Inside Sales teams, which lowers our cost to serve without compromising customer quality.

Margins in North America decreased by 106 basis points, with adjusted[1] gross profit decreasing from 10.1 per cent to 9.0 per cent of revenues. The acquisition of BITS did not significantly impact the overall margin percentage.

We maintained tight cost control, with administrative costs coming in below budget. The growth in Technology Sourcing has resulted in higher commissions and we have also seen a shift towards next-generation technologies in this business, which results in greater initial selling costs. Pay awards to our services and back-office people resulted in annualised growth in salaries of approximately five per cent, higher than usual but justified due to inflationary macroeconomic conditions.

We continue to focus heavily on operational improvements within the North American business. We have broad transformational programmes ongoing and also celebrate small '1 per cent' improvements to our operations. Consolidation of our ERP and CRM systems continue to be top priorities and will see major milestones in the second half of 2023 and the first half of 2024. Meanwhile, we launched a new Professional Services solutioning tool in June that allows our business to more accurately and efficiently scope projects. For sales support, we established regional hubs at Computacenter facilities in Atlanta, Dallas and Irvine, to provide same time zone support for our East, Central and West customers. From a systems standpoint, we continued to invest in our SmartHub Asset Intelligence portal and HyperScale Configuration Automation Platform (HCAP), both of which offer unique value to our North American customers.

Excluding BITS, North America's adjusted[1] operating profit was up by 26.6 per cent to $33.3 million.

Results	H1 2023 £m	H1 2022 £m	Percentage change	H1 2023 $m	H1 2022 $m	Percentage change
Professional Services revenue	**55.7**	53.1	**4.9%**	**68.8**	68.8	**-**
Managed Services revenue	**14.6**	13.2	**10.6%**	**18.0**	17.1	**5.3%**
Services revenue	**70.3**	66.3	**6.0%**	**86.8**	85.9	**1.0%**
Technology Sourcing gross invoiced income	**1,805.6**	1,277.9	**41.3%**	**2,223.0**	1,651.3	**34.6%**
Total gross invoiced income	**1,875.9**	1,344.2	**39.6%**	**2,309.8**	1,737.2	**33.0%**
Professional Services revenue	**55.7**	53.1	**4.9%**	**68.8**	68.8	**-**
Managed Services revenue	**14.6**	13.2	**10.6%**	**18.0**	17.1	**5.3%**
Services revenue	**70.3**	66.3	**6.0%**	**86.8**	85.9	**1.0%**
Technology Sourcing revenue	**1,398.6**	938.4	**49.0%**	**1,720.4**	1,215.8	**41.5%**
Total revenue	**1,468.9**	1,004.7	**46.2%**	**1,807.2**	1,301.7	**38.8%**
Gross profit	**132.7**	101.4	**30.9%**	**163.7**	131.6	**24.4%**
Adjusted[1] administrative expenses	**(103.4)**	(81.1)	**27.5%**	**(127.4)**	(105.3)	**21.0%**
Adjusted[1] operating profit	**29.3**	20.3	**44.3%**	**36.3**	26.3	**38.0%**

Technology Sourcing performance

Excluding BITS, Technology Sourcing gross invoiced income grew by 28.0 per cent on an organic basis. This was driven significantly by one hyperscale customer, although numerous other customers also delivered good growth. We have continued to increase the number of technology vendors we work with, which helps us to support customers with their transformation programmes but also increases our cost base.

Driven by hyperscale customers, the higher level of drop-shipping revenue we saw in 2022 has continued during H1 2023, where products are delivered directly from the vendor rather than passing through our North American Integration Centers. This gives us fewer opportunities to add value for the customer and results in lower utilisation of our facilities and personnel, leading to lower cost absorption. We have a pipeline of opportunities to drive volume through our Integration Centers and we continue to monitor the situation closely.

BITS delivered a slow performance in the period, as a large customer deferred spending until new technology is available in the second half of the year. We therefore anticipate a stronger finish to 2023 for this business, as the new technology set becomes generally available.

Our gross margin in Technology Sourcing was largely unchanged, reflecting underlying margin improvement across most of the business, offset by the hyperscale customer growth noted above, which commands a lower margin. We expect our margin in the second half to improve, with our performance being less dominated by the hyperscale customer. BITS has a similar margin profile to the rest of the business and did not significantly affect the overall margin in Technology Sourcing.

The product order backlog at 30 June 2023 was $1,269.7 million of committed outstanding purchase orders placed with our technology vendors against non-cancellable sales orders received from our customers for delivery within 12 months, on a gross invoiced income basis - a 52.5 per cent decrease since 30 June 2022 ($2,672.5 million), and a 50.4 per cent decrease since 31 December 2022 ($2,557.4 million).

This was due to conditions in the supply chain continuing to ease, reducing the need for customers to place orders significantly ahead of time to guarantee delivery. In recent months, we have seen the volume of orders we receive being broadly in line with the volume of product we have supplied to customers.

Services performance
North American Services revenue was somewhat disappointing, with only modest growth in the period. This gives us available capacity and we have an improving pipeline of opportunities, making us confident of growth in the medium term. BITS does not have a services business and therefore had no effect on our Services results in the first half.

In Professional Services, we were held back by one large account where we have taken action to focus our sales on services with appropriate returns. Margins were lower, although the underlying margin excluding this customer was up. This is encouraging for us, after absorbing increased employee costs in the period.

The Managed Services business continues to execute against our slow and steady growth plan. During the first half of the year, we went live with a large new customer in the United States and won two new contracts in Canada, including one to provide helpdesk, asset and software license management services to a healthcare client. We also secured a contract to provide a multi-year storage and backup service for a large government entity, which will allow us to sell to a broad range of public sector and non-profit organisations. Whilst margins in the Managed Services business were robust in the period, overall Services margins were down by 316 basis points.

International

The International Segment comprises a number of trading entities, near-shore and off-shore Service Center locations and countries in which we have other support operations.

The trading entities include Computacenter Switzerland, Computacenter Belgium and Computacenter Netherlands. In addition to their operational delivery capabilities, these entities have in-country sales organisations, which enable us to engage with local customers. The newly acquired Emerge 360 Japan k.k (Emerge) business has joined the International Segment, with Services delivery locations in Japan, Australia, Singapore and Hong Kong.

These trading entities are joined in the Segment by the off-shore Group Service Center entities in Spain, Malaysia, India, South Africa, Hungary, Poland, China and Mexico, and the Professional Services Delivery Center in Romania, which have limited external revenues as they charge the relevant Group subsidiaries for the services provided. Further delivery locations have been stood up in the Philippines and Brazil during the period.

Financial performance
Our performance varied in each of our International entities. Our Belgian business delivered a strong first half of growth compared to H1 2022. Performance improved primarily due to excellent project wins in the infrastructure product line and Managed Services, while our continued investments in our solutions business are delivering growth and additional value for our customers. The quality of our offering in the Belgian market was again reflected in the 2023 Whitelane Survey, which awarded us number one positions in both General Satisfaction and End User Computing.

We continued to see excellent growth in our Dutch business in the first half of 2023. We are increasingly focused on the biggest private and public sector customers in the Netherlands, selling to them locally and increasingly using our Group Technology Sourcing and Services capabilities to deliver internationally. This has been working well and we are making progress with our new business customer list, which is reflected in our results for the first half of the year.

Our Swiss operations had a challenging start to the year, as the scope of our main Services contracts were temporarily changed as customers reviewed their hybrid working approach after the pandemic. In line with the strategies of the other international entities, we have positioned our Group capabilities towards international customers with Swiss headquarters. We celebrated an important workplace-based International procurement and support win, and while we are only at the beginning of the contract implementation, we are confident it will deliver stable and ongoing contribution in the future.

Overall, margins in the International Segment were broadly flat with a slight decrease of 13 basis points, with adjusted[1] gross profit decreasing from 19.6 per cent to 19.5 per cent of revenues.

Results	**H1 2023 £m**	H1 2022 £m	**Percentage change**	H1 2022 £m constant currency[2]	**Percentage change**
Professional Services revenue	**5.1**	4.7	**8.5%**	4.9	**4.1%**
Managed Services revenue	**46.6**	36.1	**29.1%**	37.7	**23.6%**

Services revenue	**51.7**	40.8	**26.7%**	42.6	**21.4%**
Technology Sourcing gross invoiced income	**104.9**	80.0	**31.1%**	83.5	**25.6%**
Total gross invoiced income	**156.6**	120.8	**29.6%**	126.1	**24.2%**
Professional Services revenue	**5.1**	4.7	**8.5%**	4.9	**4.1%**
Managed Services revenue	**46.6**	36.1	**29.1%**	37.7	**23.6%**
Services revenue	**51.7**	40.8	**26.7%**	42.6	**21.4%**
Technology Sourcing revenue	**83.2**	66.7	**24.7%**	69.7	**19.4%**
Total revenue	**134.9**	107.5	**25.5%**	112.3	**20.1%**
Gross profit	**26.3**	21.1	**24.6%**	21.4	**22.9%**
Adjusted[1] administrative expenses	**(19.6)**	(16.5)	**18.8%**	(17.1)	**14.6%**
Adjusted[1] operating profit	**6.7**	4.6	**45.7%**	4.3	**55.8%**

Technology Sourcing performance
In Belgium, Technology Sourcing was weak in the workplace area, due to demand being pulled forward post-Covid-19 and customers reducing spend. This was offset by significant growth in the infrastructure product line, primarily networking. We have a differentiated offering in this area which is resonating well with customers. We have invested in skills and resources to help our customers maximise their investments and to support the adoption of technology over the lifecycle of new long-term software agreements.

Our business in the Netherlands is highly dependent on a small number of large customer contracts. As these contracts have matured, we have seen profitability improve over time. We have increased our focus on software and we are already seeing new wins. These are typically at lower initial margins and we will monitor this closely moving forwards. We are currently in a competitive process with one of our largest public sector customers and the successful renewal of this contract is important to maintain our growth trajectory.

In our Swiss business, we achieved good growth by securing and extending key contracts, winning significant public sector clients, boosting our manufacturer relationships and up-selling opportunities. We also made strong headway in the education sector, seeing a 40 per cent year-on-year revenue increase.

The Technology Sourcing pipeline in all countries remains strong and despite elongated customer decision-making cycles, we see the continued reliance on and investment in IT as a strong tail wind for the remainder of the year.

The product order backlog at 30 June 2023 was £7.0 million of committed outstanding purchase orders placed with our technology vendors against non-cancellable sales orders received from our customers for delivery within 12 months, on a gross invoiced income basis - a 76.2 per cent decrease since 30 June 2022 (£29.4 million), and a 70.5 per cent decrease since 31 December 2022 (£23.7 million), both in constant currency[2].

Technology Sourcing margins have increased by 26 basis points, based on gross profit as a percentage of revenue.

Services performance
We have a small number of very important Managed Services customers that are managed from our International Segment and delivered using our Group Managed Services capability. We successfully renewed our key contracts in the first half of the year, including our longest-standing customer, which has now been with us for over 25 years. This gives us stability to focus on continuing to deliver a fantastic quality of service as the year progresses.

Our Swiss business has seen a significant decline in volume in its two largest Services contracts. The business has therefore focused throughout the year on reviewing the size and structure of our delivery teams. We now have a more flexible and optimised delivery model to meet future needs and we are pleased that we were able to start some projects in the public and corporate sectors. We have also mitigated the volume decline by strengthening Computacenter Group cooperation, targeting international clients in Switzerland, and improving our services. In addition, we have made good progress in completing our services and solutions portfolio, increasing our sales capacity, optimising various processes through ServiceNow and

acquiring important certifications to win new customers, such as the ISO 27001 information security certification.

Overall, Services margins decreased by 98 basis points when compared to the prior period.

We have a small number of prioritised Services deals that are progressing well through the campaign cycles and we remain committed to adding a new material Services contract by the end of the year.

In summary, we believe we have a strong opportunity for growth, particularly by increasing our presence in the public sector, and will be focused on executing our plans in the second half of the year.

Group Finance Director's review

During the first half of 2023, the Group generated continued strong revenue growth in both Technology Sourcing and Services. Growth across all Segments and services line was generally excellent, apart from the United Kingdom where there was a softening of Services volumes.

Margins have remained robustly ahead of forecasts as we continue to minimise the impact of inflationary cost increases.

As cash continued to grow, primarily due to the unwind of record high inventory positions seen in 2022, we have restructured the Company's equity accounts to create more distributable reserves in anticipation of a cash return.

We remain extremely pleased by the scale of our growth in North America which, after removing the impact of the BITS acquisition, still saw 28.0 per cent growth in Technology Sourcing gross invoiced income during the period on a constant currency basis[2]. Overall Technology Sourcing gross invoiced income is now nearly 380 per cent higher in H1 2023 than H1 2019 in North America. We anticipate all of our key North American subsidiaries will be on our core ERP platform by the end of 2024, leading to greater process efficiency and operational leverage.

The French business continued to strengthen, particularly in Technology Sourcing, led by a product mix that continued to include higher proportions of data center and networking products, as opposed to workplace product, as the business continues to evolve to be as differentiated as our other key geographies.

Reconciliation to adjusted[1] measures for the period ended 30 June 2023

		Adjustments			
	Reported Interim results £m	**Principal element on agency contracts £m**	**Amortisation of acquired intangibles £m**	**Exceptionals and others £m**	**Adjusted[1] Interim results £m**
Revenue	**3,584.9**	1,573.3	-	-	**5,158.2**
Cost of sales	**(3,079.2)**	(1,573.3)	-	-	**(4,652.5)**
Gross profit	**505.7**	-	-	-	**505.7**
Administrative expenses	**(392.1)**	-	5.5	-	**(386.6)**
Impairment loss on trade receivables and contract assets	**(0.6)**	-	-	-	**(0.6)**
Other income related to acquisition of subsidiary	**5.3**	-	-	(5.3)	**-**
Gain related to acquisition of subsidiary	**3.2**	-	-	(3.2)	**-**
Operating profit	**121.5**	-	5.5	(8.5)	**118.5**
Finance income	**6.6**	-	-	-	**6.6**
Finance costs	**(5.3)**	-	-	2.0	**(3.3)**
Profit before tax	**122.8**	-	5.5	(6.5)	**121.8**

Income tax expense	**(33.4)**	-	(2.4)	-	**(35.8)**
Profit for the period	**89.4**	-	3.1	(6.5)	**86.0**

Reconciliation to adjusted[1] measures for the period ended 30 June 2022

		Adjustments			
	Reported Interim results £m	**Principal element on agency contracts £m**	**Amortisation of acquired intangibles £m**	**Exceptionals and others £m**	**Adjusted[1] Interim results £m**
Revenue	**2,826.7**	1,145.2	-	-	**3,971.9**
Cost of sales	**(2,401.8)**	(1,145.2)	-	-	**(3,547.0)**
Gross profit	**424.9**	-	-	-	**424.9**
Administrative expenses	**(315.3)**	-	4.1	-	**(311.2)**
Impairment loss on trade receivables and contract assets	**0.5**	-	-	-	**0.5**
Operating profit	**110.1**	-	4.1	-	**114.2**
Finance income	**1.0**	-	-	-	**1.0**
Finance costs	**(3.3)**	-	-	-	**(3.3)**
Profit before tax	**107.8**	-	4.1	-	**111.9**
Income tax expense	**(30.0)**	-	(1.2)	-	**(31.2)**
Profit for the period	**77.8**	-	2.9	-	**80.7**

Profit before tax
The Group's profit before tax for the period increased by 13.9 per cent to £122.8 million (H1 2022: £107.8 million). Adjusted[1] profit before tax increased by 8.8 per cent to £121.8 million (H1 2022: £111.9 million) and by 6.4 per cent in constant currency[2].

The difference between profit before tax and adjusted[1] profit before tax relates to the Group's net income of £1.0 million (H1 2022: net costs of £4.1 million) from exceptional and other adjusting items, which relates wholly to events associated with the acquisitions of Pivot and BITS and the amortisation of acquired intangibles as a result of these and other North American acquisitions.

Net finance income/charge
Net finance income in the year amounted to £1.3 million (H1 2022: £2.3 million charge). The main items included within the net charge for the period were £2.3 million of interest charged on lease liabilities recognised under IFRS 16 (H1 2022: £2.5 million) and exceptional interest costs of £2.0 million relating to the unwinding of the discount on the contingent consideration for the purchase of BITS, which was excluded on an adjusted[1] basis (H1 2022: nil). Outside of the specific items above, net finance income of £5.6 million was recorded (H1 2022: £0.2 million).

On an adjusted[1] basis, the net finance income was £3.3 million during the period (H1 2022: £2.3 million charge).

Taxation
The tax charge was £33.4 million (H1 2022: £30.0 million) on profit before tax of £122.8 million (H1 2022: £107.8 million). This represented a tax rate of 27.2 per cent (H1 2022: 27.8 per cent).

The tax credit related to the amortisation of acquired intangibles during the period was £2.4 million (H1 2022: £1.2 million). The £5.5 million of amortisation of intangible assets was almost entirely a result of the recent North American acquisitions (H1 2022: £4.1 million). As the amortisation is recognised outside of our adjusted[1] profitability, the tax benefit on the amortisation is also reported outside of our adjusted[1] tax charge.

The adjusted[1] tax charge for the period was £35.8 million (H1 2022: £31.2 million), on an adjusted[1] profit before tax for the

period of £121.8 million (H1 2022: £111.9 million). The effective tax rate (ETR) for the period was therefore 29.4 per cent (H1 2022: 27.9 per cent) on an adjusted[1] basis.

The prior period result included the recognition of a €2.4 million deferred tax asset representing the probable benefit of future utilisation of losses within the French business due to a forecast improvement in the short- to medium-term profitability in this geography. Combined with an additional recognition of a deferred tax asset for the future utilisation of carry forward losses in the Netherlands, this resulted in an overall one-time credit to the tax expense of £3.1 million in H1 2022. These one-off tax items substantially reduced the tax charge, and therefore the adjusted[1] ETR, for the prior period and prior year as a whole.

Excluding the recognition of the £3.1 million tax credit, the prior-period adjusted[1] ETR would have been 30.7 per cent as compared on a like-for-like basis to the current period adjusted[1] ETR of 29.4 per cent.

Overall, the adjusted[1] ETR on this like-for-like basis, excluding the one-off impacts, is continuing to trend upwards due to an increasing reweighting of the geographic split of adjusted[1] profit before tax away from the United Kingdom to Germany and the United States, where tax rates are higher. Further, a substantively enacted tax increase has taken effect in the United Kingdom from 1 April 2023, with a rise from 19 per cent to 25 per cent.

The adjusted[1] ETR is therefore slightly above the full-year range that we indicated in the presentation that accompanied our 2022 full-year results, which showed an expected ETR for 2023 of 27 to 29 per cent.

We expect that the full year ETR in 2023 will be subject to increasing upwards pressure, due to the changing mix in where profits are earned geographically to where tax rates are higher, as noted above, and also as governments across our primary jurisdictions come under fiscal and political pressure to increase corporation tax rates.

The table below reconciles the tax charge to the adjusted[1] tax charge for the periods ended 30 June 2023 and 30 June 2022 and the year ended 31 December 2022.

	H1 2023 £m	**H1 2022 £m**	**Year 2022 £m**
Tax charge	**33.4**	30.0	64.8
Adjustments to exclude:			
Tax on amortisation of acquired intangibles	**2.4**	1.2	2.3
Tax on exceptional items	**-**	-	0.2
Adjusted[1] tax charge	**35.8**	31.2	67.3
Effective tax rate	**27.2%**	27.8%	26.0%
Adjusted[1] effective tax rate	**29.4%**	27.9%	25.5%

Profit for the period

The profit for the period increased by 14.9 per cent to £89.4 million (H1 2022: £77.8 million). The adjusted[1] profit for the period increased by 6.6 per cent to £86.0 million (H1 2022: £80.7 million) and by 3.2 per cent in constant currency[2].

Exceptional and other adjusting items

The net gain from exceptional and other adjusting items in the period was £3.4 million (H1 2022: loss of £2.9 million). Excluding the tax items noted above, which resulted in a gain of £2.4 million (H1 2022: gain of £1.2 million), the profit before tax impact was a net gain from exceptional and other adjusting items of £1.0 million (H1 2022: loss of £4.1 million).

A $9.3 million (£7.4 million) settlement was received on 8 May 2023 from the Washington State Department of Revenue. The settlement related to litigation contesting a historic, pre-acquisition, sales tax assessment that was paid by antecedent companies relating to the acquired Pivot group of companies. Of this amount, $6.7 million (£5.3 million) has been recognised as other income relating to acquisition of a subsidiary for the refunded sales tax amount. Further amounts of $1.6 million (£1.3 million) and $1.0 million (£0.8 million) have been credited to adjusted[1] interest income, for the refund of statutory overpayment interest receivable on the original payment, and adjusted[1] administrative expenses, to reimburse legal expenses incurred since acquisition, respectively. The element related to the refunded sales tax amount is non-operational in nature, material in size and unlikely to recur and has therefore been classified as exceptional.

At acquisition, contingent consideration was agreed which required the Group to pay former owners of Business IT Source Holdings, Inc. (BITS), two earn-out payments based on BITS's 2022 EBITDA & 2023 EBITDA and indebtedness. During the period and in accordance with the share purchase agreement, the Group made its first earn-out payment amounting to £17.4 million ($21.2 million) which was broadly in line with the estimate made as at 31 December 2022.

On 30 June 2023, a renegotiated agreement was signed with the former owners following which, the second earn-out is now based on BITS's 2023 EBIDTA, H1 2024 EBIDTA, and indebtedness over these periods. Having considered a range of possible earn out scenarios, Management has determined that a gross liability of $26.0 million under the revised agreement should be recorded as contingent consideration of $24.2 million on a discounted basis. The impact of changes to the payment structures under the renegotiated agreement has resulted in a release during the period of £3.2 million which has been recognised as an exceptional item.

A further £2.0 million relating to the unwinding of the discount on the contingent consideration for the purchase of BITS has been removed from the adjusted[1] net finance expense and classified as exceptional interest costs.

There were no exceptional items in H1 2022.

We have continued to exclude, as an 'other adjusting item', the amortisation of acquired intangible assets in calculating our adjusted[1] results. Amortisation of intangible assets is non-cash, does not relate to the operational performance of the business, and is significantly affected by the timing and size of our acquisitions, which distorts the understanding of our Group and Segmental operating results.

The amortisation of acquired intangible assets was £5.5 million during the period (H1 2022: £4.1 million), primarily relating to the amortisation of the intangibles acquired as part of the North American acquisitions.

Earnings per share

Diluted EPS increased by 13.7 per cent to 76.5 pence per share (H1 2022: 67.3 pence per share). Adjusted[1] diluted EPS increased by 5.3 per cent to 73.5 pence per share (H1 2022: 69.8 pence per share).

	H1 2023	**H1 2022**	**Year 2022**
Basic weighted average number of shares (excluding own shares held) (m)	**113.4**	112.9	112.8
Effect of dilution:			
Share options	**1.3**	1.8	2.1
Diluted weighted average number of shares	**114.7**	114.7	114.9
Profit attributable to equity holders of the Parent (£m)	**87.7**	77.2	182.8
Basic earnings per share (pence)	**77.3**	68.4	162.1
Diluted earnings per share (pence)	**76.5**	67.3	159.1
Adjusted[1] profit attributable to equity holders of the Parent (£m)	**84.3**	80.1	195.0
Adjusted[1] basic earnings per share (pence)	**74.3**	70.9	172.9
Adjusted[1] diluted earnings per share (pence)	**73.5**	69.8	169.7

Dividend

The Board recognises the importance of dividends to shareholders and the Group prides itself on a long track record of paying dividends and other special one-off cash returns.

Computacenter's approach to capital management is to ensure that the Group has a robust capital base and maintains a strong credit rating, whilst aiming to maximise shareholder value. The Group remains highly cash generative and adjusted net funds[3] continues to increase on the Consolidated Balance Sheet, which allowed acquisitions such as FusionStorm in 2018, Pivot in 2020 and BITS in 2022, alongside a number of other small acquisitions.

If further funds are not required for investment within the business, either for fixed assets, working capital support or

acquisitions, and the distributable reserves are available in the Parent Company, we will aim to return the additional cash to shareholders through one-off returns of value, as we did in February 2018. As a business that has returned £919 million through a combination of dividends and share buybacks since flotation, with no additional investment required from shareholders over that time, we are committed to managing the cash position for shareholders and would look to return up to 10 per cent of the market capitalisation of the Company as soon as cash reserves have replenished to enable us to do so and, assuming no further acquisitions, we would aim to do this by the end of 2024 at the latest.

Dividends are paid from the standalone balance sheet of the Parent Company and, as at 30 June 2023, the distributable reserves were £378.2 million (30 June 2022: £143.7 million, 31 December 2022: £246.3 million).

The Board has consistently applied the Company's dividend policy, which states that the interim dividend will be approximately one third of the previous year's total dividend and that the total dividend paid will result in a dividend cover of 2 to 2.5 times based on adjusted[1] diluted EPS. In 2022, the cover was 2.5 times (2021: 2.5 times).

The Board is therefore pleased to announce an interim dividend of 22.6 pence per share (H1 2022: 22.1 pence per share).

The interim dividend will be paid on Friday 27 October 2023. The dividend record date is set as Friday 29 September 2023 and the shares will be marked ex-dividend on Thursday 28 September 2023.

Central corporate costs
Certain expenses are not specifically allocated to individual Segments because they are not directly attributable to any single Segment. These include the costs of the Board itself, related public company costs, Group Executive members not aligned to a specific geographic trading entity and the cost of centrally funded strategic initiatives that benefit the whole Group.

Accordingly, these expenses are disclosed as a separate column, central corporate costs, within the Segmental note. These costs are borne within the Computacenter (UK) Limited legal entity and have been removed for Segmental reporting and performance analysis but form part of the overall Group adjusted[1] administrative expenses.

Total central corporate costs were significantly increased on last year with a 64.7 per cent increase to £19.1 million (H1 2022: £11.6 million). Within this:

- Board expenses, related public company costs and costs associated with Group Executive members not aligned to a specific geographic trading entity, increased to £5.9 million (H1 2022: £4.2 million).
- share-based payment charges associated with Group Executive members as identified above, including the Group Executive Directors, decreased from £1.9 million in H1 2022 to £1.3 million in H1 2023, due primarily to the decreased value of Computacenter plc ordinary shares and the overall outlook for the vesting of in-flight PSP awards; and
- strategic corporate initiatives are designed to increase capability and therefore competitive position, enhance productivity or strengthen systems which underpin the Group. During the period this spend was £11.9 million, up 116.4 per cent over H1 2022 (£5.5 million), in line with forecasts, as the Group increases the pace of its investment in modern systems, toolsets and cyber defences.

Cash flow
The Group delivered an operating cash inflow of £116.5 million for the six months to 30 June 2023 (H1 2022: £8.1 million).

During the period, net operating cash outflows from working capital, including inventories, trade and other receivables and trade and other payables, were £3.4 million (H1 2022: £120.5 million).

Throughout 2022, a number of hyperscale customers continued to place advance orders of product with delayed delivery, due to the significant product shortages seen during the 18 months to 31 December 2022, to ensure continuity of supply. These significant product shortages have now largely eased to standard operating conditions. Additionally, inventory increased as we deliberately invested in working capital by pre-ordering inventory, once a committed purchase order had been received from the customer, thereby using the strength of our balance sheet to support our customers during product shortages. The sales teams continue to work with customers to realign inventory support expectations, now that the supply situation has materially improved across the industry. As a result, customers have returned to normal purchasing patterns and are no longer placing large advance orders of product with the significant delayed delivery seen through 2022.

This has naturally led to both reduced levels of inventory and product order backlogs. Inventory has, pleasingly, seen substantial reductions in both Germany and North America, the two Segments where we experienced the greatest inventory accumulation through 2022.

Further, a number of rack build orders took longer than expected to complete during 2022, sometimes due to shortages of smaller components required to complete the rack build, which increased inventory. Again, this situation has largely eased and rack builds are progressing as normal.

An additional Integration Center facility was added near to the existing facility in Kerpen, which was running at record levels of capacity and utilisation, and had provided additional inventory storage space and processing capacity which has, in turn, increased the throughput overall allowing orders that were backed up in the Integration Center, waiting for additional components and confirmed customer delivery dates before shipping to customers, to be cleared down.

The implementation of additional inventory holding approval controls in the final quarter of 2022, the continued focus from the Group Technology Sourcing and Finance teams, and the re-implementation of internal inventory holding charges across the sales teams from April 2023 have also all contributed to this improvement.

The Group had £315.4 million of inventory as at 30 June 2023, a decrease of 21.0 per cent on the balance as at 30 June 2022 of £399.3 million and a decrease of 24.5 per cent in the six months since 31 December 2022 (£417.7 million). The closing balance was materially lower than the high point of £532.6 million seen as at 30 September 2022 with a reduction of £217.2 million since that time.

We expect that levels of inventory will continue to reduce, albeit more slowly, towards historical operational norms during second half of 2023.

Whilst inventory has materially improved, working capital cash flows during the period are still impacted by the excellent growth in revenue seen as the business continues to expand.

Capital expenditure in the year was £17.1 million (H1 2022: £15.5 million) representing, primarily, investments in IT equipment and software tools, to enable us to deliver improved service to our customers.

The Group's Employee Benefit Trust (EBT) made market purchases of the Company's ordinary shares of £26.1 million (H1 2022: £34.4 million) to satisfy maturing PSP awards and Sharesave schemes and to reprovision the EBT in advance of future maturities. During the period the Company received savings from employees of £3.2 million to purchase options within the Sharesave schemes (H1 2022: £1.6 million).

During the period the Group made two additional payments related to previous acquisitions. The first was for BITS where, in accordance with the share purchase agreement, the Group made its first earn-out payment amounting to $21.2 million (£17.4 million) which was broadly in line with the estimate made as at 31 December 2022. The second was on 7 June 2023, where the remaining 5.0 per cent of the voting shares in R.D. Trading Limited (RDC) were acquired for a cash consideration of £1.9 million. This completes the acquisition of RDC which is a central component of our Circular Services offering to customers where we repurpose or recycle end-of-life IT equipment and a key element of our Sustainability strategy.

The Group reduced loans and credit facilities during the period by a net amount of £2.7 million (H1 2022: £1.3 million). We made regular repayments towards the loan related to the construction of the German headquarters in Kerpen and the customer financing facility in Pivot, offset by the drawdown of a new facility in India as detailed below.

The Group continued to manage its cash and working capital positions appropriately, using standard mechanisms, to ensure that cash levels remained within expectations throughout the year. From time to time, some customers request credit terms longer than our standard of 30-60 days. In certain instances, we will arrange for the sale of the receivables on a true sale basis to a finance institution on the customers' behalf. We would typically receive funds on 45-day terms from the finance institution, which will then recover payment from the customer on terms agreed with them. The cost of such an arrangement is borne by the customer, either directly or indirectly, enabling us to receive the full amount of payment in line with our standard terms. The benefit to the cash and cash equivalents position of such arrangements as at 30 June 2023 was £48.4 million (30 June 2022: £46.3 million, 31 December 2022: £45.1 million).

The Group had no other debt factoring at the end of the period, outside this normal course of business.

As at 30 June 2022, the comparative balance sheet date, there were two further activities impacting the cash position. Towards the end of June 2022, the Group elected to factor an additional €26 million of trade receivables within the German business. There was no other debt factoring activity in June 2022 outside the normal course of business described above. Also in June 2022, the Group used a pre-arranged vendor finance facility to delay payment of circa £15 million of trade payables. This balance was paid after the period end. There were no other interest-bearing trade payables as at 30 June 2022.

Cash and cash equivalents and net funds

Cash and cash equivalents as at 30 June 2023 were £301.6 million compared to £193.5 million as at 30 June 2022. Cash and cash equivalents have increased by £37.2 million from £264.4 million as at 31 December 2022 (H1 2022: decrease of £79.7 million from £273.2 million as at 31 December 2021).

Net funds as at 30 June 2023 were £164.8 million, compared to net funds of £12.1 million as at 30 June 2022 and net funds of £117.2 million as at 31 December 2022.

The Group excluded £120.3 million, as at 30 June 2023 (30 June 2022: £147.2 million and 31 December 2022: £127.1 million), of lease liabilities from its non-GAAP adjusted net funds[3] measure, due to the distorting effect of the capitalised lease liabilities on the Group's overall liquidity position under the IFRS 16 accounting standard.

Adjusted net funds[3] as at 30 June 2023 were £285.1 million, compared to adjusted net funds[3] of £159.3 million as at 30 June 2022 and £244.3 million as at 31 December 2022.

Net funds as at 30 June 2023, 30 June 2022 and 31 December 2022 were as follows:

	30 June 2023 £m	**30 June 2022 £m**	**31 December 2022 £m**
Cash and short-term deposits	**301.6**	199.0	264.4
Bank overdraft	**-**	(5.5)	-
Cash and cash equivalents	**301.6**	193.5	264.4
Bank loans - Pivot customer specific facility	(6.0)	(9.0)	(9.7)
Bank loans - Kerpen building facility	(8.6)	(12.7)	(10.4)
Bank loans - Computacenter India facility	(1.9)	-	-
Bank loans - Pivot facility	-	(11.9)	-
Other bank loans	-	(0.6)	-
Total bank loans	**(16.5)**	(34.2)	(20.1)
Adjusted net funds[3] (excluding lease liabilities)	**285.1**	159.3	244.3
Lease liabilities	**(120.3)**	(147.2)	(127.1)
Net funds	**164.8**	12.1	117.2

The Group had five specific credit facilities in place during the current period and no other material borrowings.

On 9 December 2022, the Group entered into a multicurrency revolving loan committed facility of £200 million. This replaced the previous committed facility of £60 million which was terminated and all security was released. This new facility has a term of five years plus two one-year extension options exercisable on the first and second anniversary of the facility. The Group is subject to certain key financial covenants under this syndicated facility with Barclays, Lloyds, HSBC, BNP Paribas, JPMorgan Chase and PNC Bank. These covenants, as defined in the agreement, are monitored regularly to ensure compliance. As at 30 June 2023, the Group was in compliance with all covenants. To improve short-term liquidity, £60 million was drawn down on Friday 6 April 2023 and was repaid in full on Tuesday 9 May 2023. April is typically the lowest point of the cash cycle for the Group and cash can be impacted, from time-to-time, by individual large deals with hyperscale customers depending on the payment terms specific to that deal or customer. This facility is undrawn as at 30 June 2023.

The Group also has a specific term loan for the build and purchase of our German office headquarters and fit out of the Integration Center in Kerpen, which stood at £8.6 million at (30 June 2022: £12.7 million, 31 December 2022: £10.4 million).

Pivot had £6.0 million (30 June 2022: £9.0 million, 31 December 2022: £9.7 million) financed with a major technology partner for hardware, software and resold technology partner maintenance contracts that the Company had purchased as part of a contract to lease these items to a key North American customer. At the start of 2022, Pivot had a substantially unutilised $100 million senior secured asset-based revolving credit facility, from a lending group represented by JPMorgan Chase Bank, N.A. As at 30 June 2022, £11.9 million was drawn on this facility. This was repaid in full during the second

half of 2022 and all security was released on termination of the arrangement.

Computacenter India Private Limited has a local facility with HSBC India for £1.9 million as at 30 June 2023 (30 June 2022: nil) for local cash liquidity to facilitate the continued growth of our operations in the country.

The BITS subsidiary maintains a ringfenced 'accounts receivable and inventory flooring arrangement' facility with Wells Fargo of up to $100 million, secured on the assets of that subsidiary. The facility is provided on a rolling basis and the latest amendment was signed on 20 July 2023. There was no interest-bearing debt drawn under this facility as at 30 June 2023.

There were no other interest-bearing trade payables as at 30 June 2023 (30 June 2022: nil, 31 December 2022: nil).

The Group's adjusted net funds[3] position contains no current asset investments (30 June 2022: nil, 31 December 2022 nil).

Capitalisation issue and capital reductions

The Company's cash generation over recent years has enabled it to have a strong dividend policy and to periodically return additional value to its shareholders, most recently by way of a tender offer in the first quarter of 2018. While the Company has sufficient profits available for distribution (also known as 'distributable reserves') to fund its projected distributions in the immediate future, the Board recently undertook an assessment of the balance sheet to identify any reserves that were not distributable, and which could be converted into distributable reserves to provide flexibility for future returns of value to the Company's shareholders.

Following that assessment, the Board identified certain reserves and commenced a programme of reductions of capital during the first half of 2023 (each a 'capital reduction' and together the 'capital reductions'). In order to achieve this, it was necessary first to convert certain of these reserves into share capital by issuing New Deferred Shares (the 'Capitalisation Issue'), and then cancelling those shares as part of the first capital reduction. The second capital reduction involved the cancellation of the Company's capital redemption reserve. The capitalisation issue, the changes to the Company's articles of association required in order to effect it, and the subsequent capital reductions were each approved at the Company's Annual General Meeting held on 17 May 2023. The capital reductions were then confirmed by the court in order to become effective.

The capitalisation issue and capital reductions did not result in any change to the nominal value of the Company's ordinary shares, had no impact on the Company's cash position or on its net assets, did not involve any repayment or distribution of capital by the Company, and did not result in any changes to the Company's existing dividend policy.

The capitalisation issue and capital reductions should not result in any UK tax charge for the shareholders.

As a result of the capitalisation issue and capital reductions, the distributable reserves of the Company have been increased by £183.9 million as at 30 June 2023. The Board will continue to review its cash position and will provide an update on any proposed future return of value when appropriate.

Currency

The Group reports its results in pounds sterling. The weakness in the value of sterling against most currencies during the first half of 2022, in particular the US Dollar, has begun to impact our revenues and profitability, as a result of the conversion of our foreign earnings. However, the exchange rates seen during the period, in aggregate effect, were not materially dissimilar to those seen in the first half of 2021.

Restating the first half of 2022 at 2023 exchange rates would increase H1 2022 revenue by approximately £99.3 million, whilst H1 2022 adjusted[1] profit before tax would be higher by £2.6 million.

If the 30 June 2023 spot rates were to continue through the remainder of 2023, the impact of restating 2022 at 2023 exchange rates would be to decrease 2022 revenue by approximately £37.2 million and 2022 adjusted[1] profit before tax by approximately £0.3 million.

Principal risks and uncertainties

The Group's activities expose it to a variety of economic, financial, operational and regulatory risks. Our principal risks continue to be concentrated in the availability and resilience of systems, our people, our cost base, technology change, and in the design, entry into service and running of large Services contracts. The principal risks and uncertainties facing the Group are set out on pages 74 to 81 of the 2022 Annual Report and Accounts, a copy of which is available on the Group's website at investors.computacenter.com.

The Group's risk management approach and the principal risks, potential impacts and primary mitigating activities are unchanged from those set out in the 2022 Annual Report and Accounts. Our risk management approach operated effectively

in the six months to 30 June 2023, with systems and controls functioning as designed. Whilst we have not identified any new principal risks during the period, we acknowledge the heightened level of overall risk across several risk categories, due to the current macroeconomic uncertainty and its impact on our operating environment in general.

This Strategic Report was approved by the Board on 7 September 2023 and signed on its behalf by:

MJ Norris
Chief Executive Officer

MC Jehle
Chief Financial Officer

Directors' Responsibilities

Responsibility statement of the directors in respect of the half-yearly financial report.

We confirm that to the best of our knowledge:

- the condensed set of financial statements has been prepared in accordance with IAS 34 Interim Financial Reporting as adopted for use in the UK;
- the interim management report includes a fair review of the information required by:

a) DTR 4.2.7R of the Disclosure Guidance and Transparency Rules, being an indication of important events that have occurred during the first six months of the financial year and their impact on the condensed set of financial statements; and a description of the principal risks and uncertainties for the remaining six months of the year; and
b) DTR 4.2.8R of the Disclosure Guidance and Transparency Rules, being related party transactions that have taken place in the first six months of the current financial year and that have materially affected the financial position or performance of the entity during that period; and any changes in the related party transactions described in the last annual report that could do so.

MJ Norris
Chief Executive Officer

MC Jehle
Chief Financial Officer

Consolidated Income Statement
For the six months ended 30 June 2023

	Note	H1 2023 £m	H1 2022 £m	Year 2022 £m
Revenue	5	**3,584.9**	2,826.7	6,470.5
Cost of sales		**(3,079.2)**	(2,401.8)	(5,523.4)
Gross profit	5	**505.7**	424.9	947.1
Administrative expenses		**(392.1)**	(315.3)	(691.8)
Impairment (loss)/reversal on trade receivables and contract assets		**(0.6)**	0.5	1.1
Other income related to acquisition of a subsidiary	8	**5.3**	-	-
Gain related to acquisition of a subsidiary	8	**3.2**	-	-
Operating profit		**121.5**	110.1	256.4
Finance income		**6.6**	1.0	2.4
Finance costs		**(5.3)**	(3.3)	(9.8)
Profit before tax		**122.8**	107.8	249.0
Income tax expense		**(33.4)**	(30.0)	(64.8)
Profit for the period/year		**89.4**	77.8	184.2

	Note	H1 2023	H1 2022	Year 2022
Attributable to:				
Equity holders of the Parent		**87.7**	77.2	182.8
Non-controlling interests		**1.7**	0.6	1.4
Profit for the period/year		**89.4**	77.8	184.2
Earnings per share:				
- basic for profit for the period/year	10	**77.3p**	68.4p	162.1p
- diluted for profit for the period/year	10	**76.5p**	67.3p	159.1p

Consolidated Statement of Comprehensive Income

For the six months ended 30 June 2023

	H1 2023 £m	H1 2022 £m	Year 2022 £m
Profit for the period/year	**89.4**	77.8	184.2
Items that may be reclassified to the Consolidated Income Statement:			
Gain/(loss) arising on cash flow hedge	**2.5**	5.6	(2.5)
Income tax effect	**(0.9)**	(1.4)	1.0
	1.6	4.2	(1.5)
Exchange differences on translation of foreign operations	**(26.3)**	36.8	47.5
	(24.7)	41.0	46.0
Items not to be reclassified to the Consolidated Income Statement:			
Remeasurement of defined benefit plan	**-**	5.6	1.7
Other comprehensive income/(expense) for the period/year, net of tax	**(24.7)**	46.6	47.7
Total comprehensive income for the period/year	**64.7**	124.4	231.9
Attributable to:			
Equity holders of the Parent	**63.3**	123.3	229.9
Non-controlling interests	**1.4**	1.1	2.0
Total comprehensive income for the period/year	**64.7**	124.4	231.9

Consolidated Balance Sheet

As at 30 June 2023

	Note	H1 2023 £m	H1 2022 (restated*) £m	Year 2022 (restated*) £m
Non-current assets				
Property, plant and equipment		**93.0**	88.3	94.1
Right-of-use assets		**112.9**	138.5	119.4

Intangible assets		**328.6**	296.5	342.1
Investment in associate		**0.1**	0.1	0.1
Deferred income tax assets		**11.4**	22.2	11.3
Trade and other receivables*		**16.0**	-	9.9
Prepayments		**16.5**	16.5	19.4
		578.5	562.1	596.3
Current assets				
Inventories		**315.4**	399.3	417.7
Trade and other receivables*		**1,261.4**	1,350.2	1,683.8
Income tax receivable		**12.2**	8.5	14.6
Prepayments		**154.9**	136.2	130.5
Accrued income*		**178.7**	162.0	129.2
Derivative financial instruments	12	**3.7**	15.1	7.5
Cash and short-term deposits*	13	**301.6**	199.0	264.4
		2,243.9	2,270.3	2,657.7
Total assets		**2,806.4**	2,832.4	3,244.0
Current liabilities				
Bank overdraft*	13	**-**	5.5	-
Trade and other payables		**1,421.1**	1,411.3	1,857.5
Deferred income		**249.8**	308.4	265.3
Financial liabilities	13	**6.7**	19.0	7.5
Lease liabilities	13	**36.7**	43.6	36.9
Derivative financial instruments	12	**4.2**	3.5	8.7
Income tax payable*		**22.7**	24.3	30.9
Provisions		**4.3**	4.3	3.8
		1,745.5	1,819.9	2,210.6
Non-current liabilities				
Financial liabilities	13	**9.8**	15.2	12.6
Lease liabilities	13	**83.6**	103.6	90.2
Deferred income		**5.5**	8.6	7.9
Retirement benefit obligation		**22.4**	17.4	23.0
Provisions		**5.2**	6.5	7.0
Deferred income tax liabilities		**15.1**	20.9	20.7
		141.6	172.2	161.4
Total liabilities		**1,887.1**	1,992.1	2,372.1
Net assets		**919.3**	840.3	872.0
Capital and reserves				
Issued share capital	14	**9.3**	9.3	9.3
Share premium		**4.0**	4.0	4.0
Capital redemption reserve	14	**-**	75.0	75.0
Own shares held		**(131.4)**	(141.3)	(127.7)
Translation and hedging reserve		**26.3**	45.9	50.7
Retained earnings		**1,003.4**	842.0	854.4
Shareholders' equity		**911.6**	834.9	865.7
Non-controlling interests		**7.7**	5.4	6.3
Total equity		**919.3**	840.3	872.0

* Refer note 2 for restatement of prior period comparatives.

Approved by the Board on 7 September 2023.

MJ Norris
Chief Executive Officer

MC Jehle
Chief Financial Officer

Consolidated Statement of Changes in Equity

For the six months ended 30 June 2023

	Attributable to equity holders of the Parent								
	Issued share capital £m	Share premium £m	Capital redemption reserve £m	Own shares held £m	Translation and hedging reserves £m	Retained earnings £m	Share-holders' equity £m	Non-controlling interests £m	Total equity £m
At 1 January 2022	**9.3**	**4.0**	**75.0**	**(115.5)**	**5.4**	**762.3**	**740.5**	**4.3**	**744.8**
Profit for the period	-	-	-	-	-	77.2	77.2	0.6	77.8
Other comprehensive income/(expense)	-	-	-	-	40.5	5.6	46.1	0.5	46.6
Total comprehensive income/(expense)	-	-	-	-	40.5	82.8	123.3	1.1	124.4
Cost of share-based payments	-	-	-	-	-	5.2	5.2	-	5.2
Tax on share-based payments	-	-	-	-	-	(1.3)	(1.3)	-	(1.3)
Exercise of options	-	-	-	8.6	-	(7.0)	1.6	-	1.6
Purchase of own shares	-	-	-	(34.4)	-	-	(34.4)	-	(34.4)
At 30 June 2022	**9.3**	**4.0**	**75.0**	**(141.3)**	**45.9**	**842.0**	**834.9**	**5.4**	**840.3**
Profit for the period	-	-	-	-	-	105.6	105.6	0.8	106.4
Other comprehensive income/(expense)	-	-	-	-	4.8	(3.8)	1.0	0.1	1.1
Total comprehensive income/(expense)	-	-	-	-	4.8	101.8	106.6	0.9	107.5
Cost of share-based payments	-	-	-	-	-	3.4	3.4	-	3.4
Tax on share-based payments	-	-	-	-	-	(3.3)	(3.3)	-	(3.3)
Exercise of options	-	-	-	13.6	-	(9.0)	4.6	-	4.6
Equity dividends	-	-	-	-	-	(80.5)	(80.5)	-	(80.5)
At 31 December 2022	**9.3**	**4.0**	**75.0**	**(127.7)**	**50.7**	**854.4**	**865.7**	**6.3**	**872.0**
Profit for the period	-	-	-	-	-	87.7	87.7	1.7	89.4
Other comprehensive income/(expense)	-	-	-	-	(24.4)	-	(24.4)	(0.3)	(24.7)

Total comprehensive income/(expense)	-	-	-	-	(24.4)	87.7	63.3	1.4	64.7
Cost of share-based payments	-	-	-	-	-	4.0	4.0	-	4.0
Tax on share-based payments	-	-	-	-	-	1.5	1.5	-	1.5
Exercise of options	-	-	-	22.4	-	(19.2)	3.2	-	3.2
Purchase of own shares	-	-	-	(26.1)	-	-	(26.1)	-	(26.1)
Capital reduction	-	-	(75.0)	-	-	75.0	-	-	-
At 30 June 2023	**9.3**	**4.0**	**-**	**(131.4)**	**26.3**	**1,003.4**	**911.6**	**7.7**	**919.3**

Consolidated Cash Flow Statement

For the six months ended 30 June 2023

	Note	H1 2023 £m	H1 2022 £m	Year 2022 £m
Operating activities				
Profit before taxation		**122.8**	107.8	249.0
Net finance (income)/cost		**(1.3)**	2.3	7.4
Depreciation of property, plant and equipment		**10.0**	10.3	21.5
Depreciation of right-of-use assets		**20.9**	26.2	50.5
Amortisation of intangible assets		**9.4**	8.0	18.9
Share-based payments		**4.0**	5.2	8.6
Loss on disposal of property, plant and equipment		**-**	0.4	0.5
Net cash flow from inventories		**90.6**	(33.0)	(7.0)
Net cash flow from trade and other receivables (including contract assets)		**293.6**	(67.6)	(317.2)
Net cash flow from trade and other payables (including contract liabilities)		**(387.6)**	(19.9)	263.4
Net cash flow from provisions and employee benefits		**(1.2)**	(1.9)	(0.7)
Other adjustments		**0.2**	0.1	(0.1)
Cash generated from operations		**161.4**	37.9	294.8
Income taxes paid		**(44.9)**	(29.8)	(52.7)
Net cash flow from operating activities		**116.5**	8.1	242.1
Investing activities				
Interest received		**6.7**	1.0	2.4
Acquisition of subsidiaries, net of cash acquired		**(1.9)**	(2.3)	(28.3)
Contingent consideration	12	**(17.4)**	-	-
Purchases of property, plant and equipment		**(11.4)**	(8.7)	(23.7)
Purchases of intangible assets		**(5.7)**	(6.8)	(11.8)
Proceeds from disposal of property, plant and equipment		**0.1**	1.0	1.1
Net cash flow from investing activities		**(29.6)**	(15.8)	(60.3)

Financing activities				
Interest paid		**(1.0)**	(0.7)	(2.9)
Interest paid on lease liabilities		**(2.3)**	(2.5)	(4.9)
Dividends paid to equity shareholders of the Parent		**-**	-	(80.5)
Proceeds from exercise of share options		**3.2**	1.6	6.2
Purchase of own shares		**(26.1)**	(34.4)	(34.4)
Repayment of loans		**(64.6)**	(5.8)	(20.6)
Payment of capital element of lease liabilities		**(20.9)**	(25.9)	(50.3)
Borrowings		**61.9**	4.5	4.0
Net cash flow from financing activities		**(49.8)**	(63.2)	(183.4)
(Decrease)/increase in cash and cash equivalents		**37.1**	(70.9)	(1.6)
Effect of exchange rates on cash and cash equivalents		**0.1**	(8.8)	(7.2)
Cash and cash equivalents at the beginning of the period/year		**264.4**	273.2	273.2
Cash and cash equivalents at the end of the period/year	13	**301.6**	193.5	264.4

1 Corporate information
The Interim Condensed Consolidated Financial Statements (Financial Statements) of the Group for the six months ended 30 June 2023 contained in this announcement were authorised for issue in accordance with a resolution of the Directors on 7 September 2023. The Consolidated Balance Sheet was signed on behalf of the Board by MJ Norris and MC Jehle.

Computacenter plc is a limited company incorporated and domiciled in England whose shares are publicly traded.

2 Basis of preparation
The Financial Statements for the six months ended 30 June 2023 have been prepared in accordance with International Accounting Standard 34 'Interim Financial Reporting', as adopted by the United Kingdom. They do not include all of the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's 2022 Annual Report and Accounts which have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the United Kingdom. The Financial Statements contained in this announcement are unaudited.

The Financial Statements are presented in pound sterling (£) and all values are rounded to the nearest hundred thousand, except when otherwise indicated.

In determining whether it is appropriate to prepare the Financial Statements on a 'going concern' basis, the Group prepares a three-year Plan (the 'Plan') annually by aggregating top down expectations of business performance across the Group in the second and third year of the Plan with a detailed 12-month bottom-up budget for the first year, which was approved by the Board. The Plan is subject to rigorous downside sensitivity analysis which involves flexing a number of the main assumptions underlying the forecasts within the Plan. The forecast cash flows from the Plan are aggregated with the current position, to provide a total three-year cash position against which the impact of potential risks and uncertainties can be assessed. In the absence of significant external debt, the analysis also considers access to available committed and uncommitted finance facilities, the ability to raise new finance in most foreseeable market conditions and the ability to restrict dividend payments.

The Directors have identified a period of not less than 12 months from the date of signing the Financial Statements, through to 6 September 2024, as the appropriate period for the going concern assessment and have based their assessment on the relevant forecasts from the Plan for that period.

The potential impact of the principal risks and uncertainties, as set out on pages 74 to 81 of the 2022 Annual Report and Accounts, is then applied to the Plan. This assessment includes only those risks and uncertainties that, individually or in plausible combination, would threaten the Group's business model, future performance, solvency or liquidity over the assessment period and which are considered to be severe but reasonable scenarios. It also takes into account an assessment of how the risks are managed and the effectiveness of any mitigating actions.

For the current period, the primary downside sensitivity relates to a modelled, but not predicted, severe downturn in Group revenues, beginning in the second half of 2023, simulating a reduction in customer demand due to the current economic crisis, and ongoing impacts on the Group's revenues from supply shortages. This sensitivity analysis models a continued market downturn scenario, with slower-than-predicted recovery estimates, for our customer base as a result of the emerging negative global macroeconomic environment due to the current economic crisis. A further impact on the Group's Technology Sourcing revenues through the second half of 2023 from possible ongoing vendor-related supply shortage issues has also been included in the sensitivity analysis.

Our cash and borrowing capacity provides sufficient funds to meet the foreseeable needs of the Group. At 30 June 2023, the Group had cash and short-term deposits of £301.6 million and bank debt, primarily related to the headquarters in Germany and operations in North America, of £16.5 million. On 9 December 2022, the Group entered into a new unsecured multicurrency revolving loan facility of £200.0 million in order to rationalise its treasury operations. The new facility has a term of five years plus two one-year extension options exercisable on the first and second anniversary of the facility. The Group-specific committed facility of £60.0 million that was due to expire on 8 September 2023 was terminated and all security was released. The revolving credit facility which its subsidiary, Pivot, had with JPMorgan Chase Bank, N.A. (JPMC) of $100.0 million that was due to expire on 14 May 2024 was also repaid in full and all security was released.

The Group has a resilient balance sheet position, with net assets of £919.3 million as at 30 June 2023. The Group made a profit after tax of £89.4 million and delivered net cash flows from operating activities of £116.5 million, for the period ended 30 June 2023.

As the analysis continues to show a strong forecast cash position, even under the severe economic conditions modelled in the sensitivity scenarios, the Directors continue to consider that the Group is well placed to manage business and financial risks in the current economic environment. Based on this assessment, the Directors confirm that they have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the period of not less than 12 months from the date of signing Financial Statements, through to 6 September 2024, and therefore have prepared the Financial Statements on a going concern basis.

Consolidated Balance Sheet
At 30 June 2022 and 31 December 2022, certain items were incorrectly presented on the consolidated balance sheet as follows:

- Tax balances of £18.4 million at 30 June 2022 (31 December 2022: £25.5 million) were included as part of 'Trade and other receivables'. These have been re-presented by reclassifying and netting these amounts within 'Income tax payable'.
- Trade and other receivables relating to a contract at 31 December 2022 of £6.0 million was included as part of 'Accrued income'. This has now been reclassified to 'Trade and other receivables'. Further to this, and related to the same contract, an amount of £9.9 million has been reclassified from 'Trade and other receivables' (current) to 'Trade and other receivables' (non-current).
- Bank overdraft balance of £10.7 million at 31 December 2022 has been reclassified to 'Cash and short-term deposits' as this should have been netted off against 'Cash and short-term deposits'.

There is no impact on reported 'Net funds' and 'Net assets' from the above changes.

3 Significant Accounting Policies
The accounting policies adopted are consistent with those of the previous financial year as disclosed in the Computacenter plc 2022 Annual Report and Accounts.

4 Adjusted[1] measures
The Group uses a number of non-Generally Accepted Accounting Practice (non-GAAP) financial measures in addition to those reported in accordance with IFRS. The Directors believe that these non-GAAP measures, listed below, assist in providing additional useful information on the underlying trends, performance and position of the Group. The non-GAAP measures also used to enhance the comparability of information between reporting periods by adjusting for non-recurring or uncontrollable factors which affect IFRS measures, to aid the user in understanding the Group's performance.

Consequently, non-GAAP measures are used by the Directors and management for performance analysis, planning, reporting and incentive setting purposes. Adjusted measures have remained consistent with the prior period.

These non-GAAP measures comprise of: gross invoiced income, adjusted administrative expenses, adjusted operating profit or loss, adjusted profit or loss before tax, adjusted tax, adjusted profit or loss for the year, adjusted earnings per share and adjusted diluted earnings per share. They are, as appropriate, each stated before: exceptional and other adjusting items including gain or loss on acquisitions, expenses related to material acquisitions, amortisation of acquired intangibles, utilisation of deferred tax assets (where initial recognition was as an exceptional item or a fair value adjustment on acquisition), and the related tax effect of these exceptional and other adjusting items, as Management does not consider these items when reviewing the underlying performance of the Segment or the Group as a whole.

A reconciliation to adjusted measures is provided in the Chief Financial Officer's Review contained in this announcement which details the impact of exceptional and other adjusting items when comparing to the non-GAAP financial measures, in addition to those reported in accordance with IFRS. Further detail is also provided within note 5, Segment information, and note 8, Exceptional items.

5 Segment information

The operating Segments remain unchanged from those reported at 31 December 2022. Central Corporate Costs continue to be disclosed as a separate column within the Segmental note.

Segmental performance for the periods to H1 2023, H1 2022 and Full Year 2022 were as follows:

Six months ended 30 June 2023

	UK £m	Germany £m	France £m	North America £m	International £m	Central Corporate Costs £m	Total £m
Revenue							
Technology Sourcing revenue							
Gross invoiced income	**1,051.0**	**1,042.5**	**337.7**	**1,805.6**	**104.9**	**-**	**4,341.7**
Adjustment to gross invoiced income for income recognised as agent	**(585.1)**	**(449.7)**	**(109.8)**	**(407.0)**	**(21.7)**	**-**	**(1,573.3)**
Total Technology Sourcing revenue	**465.9**	**592.8**	**227.9**	**1,398.6**	**83.2**	**-**	**2,768.4**
Services revenue							
Professional Services	**65.6**	**181.8**	**25.5**	**55.7**	**5.1**	**-**	**333.7**
Managed Services	**154.6**	**199.1**	**67.9**	**14.6**	**46.6**	**-**	**482.8**
Total Services revenue	**220.2**	**380.9**	**93.4**	**70.3**	**51.7**	**-**	**816.5**
Total revenue	**686.1**	**973.7**	**321.3**	**1,468.9**	**134.9**	**-**	**3,584.9**
Results							
Gross profit	**127.2**	**179.1**	**40.4**	**132.7**	**26.3**	**-**	**505.7**
Adjusted[1] administrative expenses	**(101.7)**	**(105.8)**	**(37.6)**	**(103.4)**	**(19.6)**	**(19.1)**	**(387.2)**
Adjusted[1] operating profit/(loss)	**25.5**	**73.3**	**2.8**	**29.3**	**6.7**	**(19.1)**	**118.5**
Net interest	**3.8**	**0.3**	**(0.6)**	**0.2**	**(0.4)**	**-**	**3.3**
Adjusted[1] profit/(loss) before tax	**29.3**	**73.6**	**2.2**	**29.5**	**6.3**	**(19.1)**	**121.8**
Exceptional items:							
- unwinding of discount relating to acquisition of a subsidiary							**(2.0)**
- gain related to acquisition of a subsidiary							**3.2**
- other income relating to acquisition of a subsidiary							**5.3**
Total exceptional items							**6.5**
Amortisation of acquired intangibles							**(5.5)**
Profit before tax							**122.8**

The reconciliation of adjusted[1] operating profit to operating profit as disclosed in the Consolidated Income Statement is as follows:

Six months ended 30 June 2023

	Total £m
Adjusted[1] operating profit	**118.5**
Amortisation of acquired intangibles	**(5.5)**
Exceptional items	**8.5**

	Total £m
Operating profit	**121.5**

Six months ended 30 June 2022

	UK £m	Germany £m	France £m	North America £m	International £m	Central Corporate Costs £m	Total £m
Revenue							
Technology Sourcing revenue							
Gross invoiced income	937.8	668.1	255.6	1,277.9	80.0	-	**3,219.4**
Adjustment to gross invoiced income for income recognised as agent	(515.9)	(204.0)	(72.5)	(339.5)	(13.3)	-	**(1,145.2)**
Total Technology Sourcing revenue	421.9	464.1	183.1	938.4	66.7	-	**2,074.2**
Services revenue							
Professional Services	72.5	149.0	19.1	53.1	4.7	-	**298.4**
Managed Services	159.4	179.0	66.4	13.2	36.1	-	**454.1**
Total Services revenue	231.9	328.0	85.5	66.3	40.8	-	**752.5**
Total revenue	653.8	792.1	268.6	1,004.7	107.5	-	**2,826.7**
Results							
Gross profit	130.3	140.0	32.1	101.4	21.1	-	**424.9**
Adjusted[1] administrative expenses	(85.3)	(84.6)	(31.6)	(81.1)	(16.5)	(11.6)	**(310.7)**
Adjusted[1] operating profit/(loss)	45.0	55.4	0.5	20.3	4.6	(11.6)	**114.2**
Net interest	1.2	(1.2)	(0.3)	(1.5)	(0.5)	-	**(2.3)**
Adjusted[1] profit/(loss) before tax	46.2	54.2	0.2	18.8	4.1	(11.6)	**111.9**
Amortisation of acquired intangibles	-	-	-	-	-	-	**(4.1)**
Profit before tax	-	-	-	-	-	-	**107.8**

The reconciliation of adjusted[1] operating profit to operating profit as disclosed in the Consolidated Income Statement is as follows:

Six months ended 30 June 2022

	Total £m
Adjusted[1] operating profit	**114.2**
Amortisation of acquired intangibles	**(4.1)**
Operating profit	**110.1**

Year ended 31 December 2022

	UK £m	Germany £m	France £m	North America £m	International £m	Central Corporate Costs £m	Total £m
Revenue							
Technology Sourcing revenue							
Gross invoiced income	**1,864.2**	**1,704.7**	**606.7**	**3,131.7**	**174.3**	**-**	**7,481.6**
Adjustment to gross invoiced income for income recognised as agent	**(1,055.1)**	**(551.6)**	**(170.9)**	**(773.8)**	**(30.3)**	**-**	**(2,581.7)**
Total Technology Sourcing revenue	**809.1**	**1,153.1**	**435.8**	**2,357.9**	**144.0**	**-**	**4,899.9**
Services revenue							
Professional Services	**147.5**	**315.7**	**41.7**	**122.5**	**9.2**	**-**	**636.6**
Managed Services	**312.8**	**374.7**	**136.4**	**26.9**	**83.2**	**-**	**934.0**
Total Services revenue	**460.3**	**690.4**	**178.1**	**149.4**	**92.4**	**-**	**1,570.6**
Total revenue	**1,269.40**	**1,843.5**	**613.9**	**2,507.3**	**236.4**	**-**	**6,470.5**
Results							
Gross profit	**259.2**	**325.1**	**76.7**	**238.3**	**47.8**	**-**	**947.1**
Adjusted[1] administrative expenses	**(178.7)**	**(184.2)**	**(69.6)**	**(185.3)**	**(36.5)**	**(23.7)**	**(678.0)**
Adjusted[1] operating profit/(loss)	**80.5**	**140.9**	**7.1**	**53.0**	**11.3**	**(23.7)**	**269.1**
Net interest	**2.6**	**(2.2)**	**(0.8)**	**(4.2)**	**(0.8)**	**-**	**(5.4)**
Adjusted[1] profit/(loss) before tax	**83.1**	**138.7**	**6.3**	**48.8**	**10.5**	**(23.7)**	**263.7**
Exceptional items:							
- unwinding of discount relating to acquisition of a subsidiary							**(2.0)**
- costs relating to acquisition of a subsidiary							**(1.8)**
Total exceptional items							**(3.8)**
Amortisation of acquired intangibles							**(10.9)**
Profit before tax							**249.0**

The reconciliation of adjusted[1] operating profit to operating profit as disclosed in the Consolidated Income Statement is as follows:

Year ended 31 December 2022

	Total £m
Adjusted[1] operating profit	269.1
Amortisation of acquired intangibles	(10.9)
Exceptional items	(1.8)
Operating profit	256.4

6 Seasonality of operations

Historically, revenues have been higher in the second half of the year than in the first six months. This is principally driven by customer buying behaviour in the markets in which we operate. Typically, this leads to a more pronounced effect on operating profit.

The Company saw the historical patterns of seasonality change due to the unpredictability created first by the impact

of Covid-19, beginning in 2020, and then the more recent impact of supply shortages. Certain customers pulled orders of information technology equipment forward into the first half of 2021 that would otherwise have naturally occurred in the second half of 2021. Both of these events have materially impacted customer buying behaviours impacting the timing of sales volumes between the first and second halves of the year for 2020 and 2021 and therefore our historical seasonality of operations patterns.

During 2022 and the first half of 2023 we have seen these unusual buying patterns reversing and the re-emergence of seasonality that is closer to our historical norms. Whilst still somewhat affected by supply shortages in networking IT equipment, we expect customer buying to be more weighted towards the second half of the year leading, once again, to a more pronounced effect on operating profit in the second half which we expect to have a higher proportion of the full-year operating profit than we have seen over the period from 2020 to 2021.

7 Dividends paid and proposed

A final dividend for 2022 of 45.8 pence per ordinary share was paid on 14 July 2023. An interim dividend in respect of 2023 of 22.6 pence per ordinary share, amounting to a total dividend of £25.8 million, was declared by the Directors at their meeting on 6 September 2023. The expected payment date of the dividend declared is 27 October 2023. This announcement does not reflect this dividend payable.

8 Exceptional items

	H1 2023 £m	H1 2022 £m	Year 2022 £m
Operating profit			
Other income related to acquisition of a subsidiary	**5.3**	-	-
Costs related to acquisition of a subsidiary	**-**	-	(1.8)
Gain related to acquisition of a subsidiary	**3.2**	-	-
Exceptional operating gain/(loss)	**8.5**	-	(1.8)
Interest cost relating to acquisition of a subsidiary	**(2.0)**	-	(2.0)
Profit/(Loss) on exceptional items before taxation	**6.5**	-	(3.8)
Income tax			
Tax relating to exceptional items	**-**	-	0.2
Loss on exceptional items after taxation	**(6.5)**	-	(3.6)

Included within H1 2023 are the following exceptional items:

- A further £2.0 million relating to the unwinding of the discount on the contingent payment for the purchase of BITS have been classified as exceptional interest costs. This is consistent with our prior-year treatment of acquisition costs.
- A $9.3 million (£7.4 million) settlement was received on 8 May 2023 from the Washington State Department of Revenue. The settlement related to litigation contesting a historic, pre-acquisition, sales tax assessment that was paid by antecedent companies related to the acquired Pivot group of companies. Of this amount, $6.7 million (£5.3 million) has been recognised as other income relating to acquisition of a subsidiary for the refunded sales tax amount. This other income is non-operational in nature, material in size and unlikely to recur and has therefore been classified as exceptional. Further amounts of $1.6 million (£1.3 million) and $1.0 million (£0.8 million) have been credited to adjusted[1] interest income, for the refund of statutory overpayment interest receivable on the original payment, and adjusted[1] administrative expenses, to reimburse legal expenses incurred since acquisition, respectively.
- £3.2 million relating to a release of contingent consideration in relation to BITS acquisition (refer note 12). As this release is related to the acquisition and not operational activity within BITS and is of a one-off nature, it was classified as an exceptional item.

Included within the 12 months to 31 December 2022 are the following exceptional items:

- An exceptional cost of £1.8 million resulted from costs directly relating to the acquisition of BITS and Emerge. These costs primarily related to advisor's fees and seller's costs that were paid on completion of the transaction. As these costs are non-operational and unlikely to recur, they have been classified as exceptional items, consistent with our prior-year treatment of acquisition costs on material transactions.
- £2.0 million relating to the unwinding of the discount on the contingent payment for the purchase of BITS

have been classified as exceptional interest costs. As this credit is related to the acquisition and not operational activity within BITS and is of a one-off nature, it was classified as an exceptional item.

- A credit of £0.2 million arising from the tax benefit on the BITS exceptional acquisition costs has been recognised as tax on the above exceptional items. As this credit is related to the acquisition and not operational activity within BITS and is of a one-off nature, it was classified as an exceptional tax item.

9 Income tax

Tax for the six-month period is charged at 27.2 per cent (six months ended 30 June 2022: 27.8 per cent; year ended 31 December 2022: 26.0 per cent), representing the best estimate of the average annual effective tax rate expected for the full year, applied to the pre-tax income of the six-month period.

10 Earnings per share

Earnings per share amounts are calculated by dividing profit attributable to ordinary equity holders by the weighted average number of ordinary shares outstanding during the year (excluding own shares held).

To calculate diluted earnings per share, the weighted average number of ordinary shares in issue is adjusted to assume conversion of all dilutive potential shares. Share options granted to employees where the exercise price is less than the average market price of the Company's ordinary shares during the year are considered to be dilutive potential shares.

	H1 2023 £m	H1 2022 £m	Year 2022 £m
Profit attributable to equity holders of the Parent	87.7	77.2	182.8

	H1 2023 m	H1 2022 m	Year 2022 m
Basic weighted average number of shares (excluding own shares held)	113.4	112.9	112.8
Effect of dilution:			
Share options	1.3	1.8	2.1
Diluted weighted average number of shares	114.7	114.7	114.9

	H1 2023 pence	H1 2022 pence	Year 2022 pence
Basic earnings per share	77.3	68.4	162.1
Diluted earnings per share	76.5	67.3	159.1

11 Investments

R.D. Trading Limited (RDC)

On 10 August 2019, the Group acquired 90 per cent of the voting shares of RDC for a consideration of 90 pence and on 26 October 2021, the Group acquired a further 5.0 per cent of the voting shares for a cash consideration of £1.4 million from the seller of RDC. On 7 June 2023, the remaining 5.0 per cent of the voting shares were acquired for a cash consideration of £1.9 million. RDC is based in the UK and is an IT assets disposal business. This acquisition has been accounted for using the purchase method of accounting.

Business IT Source Holdings, Inc. (BITS)

On 1 July 2022, the Group acquired 100 per cent of the voting shares of Business IT Source Holdings, Inc. (BITS) and the acquisition has been accounted for using the purchase method of accounting. The provisional fair values presented in the 2022 Annual Report and Accounts for customer relationship and tax balances relating to the acquisition of BITS remain unchanged as at 30 June 2023.

12 Fair value measurements recognised in the Consolidated Balance Sheet

Financial instruments which are recognised at fair value subsequent to initial recognition are grouped into Levels 1 to 3 based on the degree to which the fair value is observable. The three levels are defined as follows:

1. Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for

identical assets or liabilities;

2. Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
3. Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

At 30 June 2023 the Group had forward currency contracts, which were measured at Level 2 fair value subsequent to initial recognition, to the value of an asset of £3.7 million and a liability of £4.2 million (30 June 2022: asset of £15.1 million and liability of £3.5 million; 31 December 2022: asset of £7.5 million and liability of £8.7 million). The net realised loss from forward currency contracts, designated as cashflow hedges, in the period to 30 June 2023 of £0.5 million (30 June 2022: losses of £0.5 million; 31 December 2022: losses of £0.5 million) are offset by broadly equivalent realised losses/gains on the related underlying transactions.

The foreign currency forward contracts are measured based on observable spot exchange rates, the yield curves of the respective currencies as well as the currency basis spreads between the respective currencies. All contracts are fully cash collateralised, thereby eliminating both counterparty and the Group's own credit risk.

The carrying value of the Group's short-term receivables and payables is a reasonable approximation of their fair values. The fair value of all other financial instruments carried within the Financial Statements is not materially different from their carrying amount.

Contingent consideration
At acquisition, contingent consideration was agreed which required the Group to pay former owners of Business IT Source Holdings, Inc. (BITS), two earn-out payments based on BITS's 2022 EBITDA & 2023 EBITDA and indebtedness. During the period and in accordance with the share purchase agreement, the Group made its first earn-out payment amounting to £17.4 million ($21.2 million) which was broadly in line with the estimate made as at 31 December 2022.

On 30 June 2023, a renegotiated agreement was signed with the former owners following which, the second earn-out is now based on BITS's 2023 EBIDTA, H1 2024 EBIDTA, and indebtedness over these periods. Having considered a range of possible earn out scenarios, Management has determined that an accrual of $24.2 million under the revised agreement should be recorded as contingent consideration. Therefore, subsequent to initial recognition, this will continue to be measured at Level 3 fair value using discounted cash flows (DCF) as an estimation technique. The impact of changes to the payment structures under the renegotiated agreement has resulted in a release during the period of £3.2 million which has been recognised as an exceptional item. The carrying value at 30 June 2023 of £19.2 million ($24.2 million) is included within Trade and other payables.

13 Net funds

	H1 2023 £m	**H1 2022 £m**	**Year 2022 £m**
Cash and short-term deposits	**301.6**	199.0	264.4
Bank overdrafts	**-**	(5.5)	-
Cash and cash equivalents	**301.6**	193.5	264.4
Bank loans and credit facility	**(16.5)**	(34.2)	(20.1)
Adjusted net funds[3] (excluding lease liabilities)	**285.1**	159.3	244.3
Lease liabilities	**(120.3)**	(147.2)	(127.1)
Net funds	**164.8**	12.1	117.2
Current			
Financial liabilities: Bank loans	**(6.7)**	(19.0)	(7.5)
Lease liabilities	**(36.7)**	(43.6)	(36.9)
Non-current			
Financial liabilities: Bank loans	**(9.8)**	(15.2)	(12.6)
Lease liabilities	**(83.6)**	(103.6)	(90.2)

14 Issued Share Capital and Reserves

Issued and fully paid	$7\frac{5}{9}$ pence ordinary shares No. '000	0.01 pence deferred shares No. '000	Total £'m
At 1 January 2022 and 1 January 2023	122,688	-	9.3
Deferred shares issued during the year for the capitalisation of reserves	-	10,895,383.8	109.0
Deferred shares capital reduction	-	(10,895,383.8)	(109.0)
At 30 June 2023	**122,688**	**-**	**9.3**

During the year, the issued share capital was increased by £109.0 million by the issue of deferred shares of 0.01 pence each (the 'New Deferred Shares'). The New Deferred Shares were issued through the capitalisation of the following reserves (together the 'Capitalised Amount') in Computacenter plc (the 'Company'):

i. an amount of up to £55.9 million, being the full amount standing to the credit of the merger reserve account of the Company as at 31 December 2022 (being the date of the latest audited accounts of the Company); and
ii. an amount of up to £53.1 million, being part of the amount standing to the credit of the Company's retained earnings reserve as at 31 December 2022 (being the date of the latest audited accounts of the Company) and attributable to the dividend in specie made to the Company by Computacenter (UK) Limited in December 2020 in respect of shares in Pivot Technology Solutions, Ltd.

The Capitalised Amount was applied in paying up in full and at par 10,895,383,765 New Deferred Shares in the capital of the Company.

These New Deferred Shares were allotted and issued to a nominee appointed by the Company on behalf of the holders of ordinary shares entered in the register of members of the Company at the Capitalisation Record Time (in proportion, as nearly as practicable to the aggregate nominal amount of the ordinary shares held by such holders at the Capitalisation Record Time, subject to such adjustments as the Directors saw fit to deal with any fractional entitlements).

The holders of the New Deferred Shares were conferred no material rights from the New Deferred Shares including no rights to receive any dividend or other distribution of the Company, nor any right to participate in the profits of the Company, with further details of these rights limitations available within the 2023 Notice of General Meeting. The New Deferred Shares were then subject to a Capital Reduction and creation of distributable reserves within the Company for £109.0 million.

Capital Redemption Reserve
The capital redemption reserve is used to maintain the Company's capital following the purchase and cancellation of its own shares. During the year, the Company repurchased nil of its own shares for cancellation (2022: nil).

The High Court of Justice of England and Wales on 20 June 2023 confirmed an application for a Capital Reduction that subsequently became effective on 21 June 2023 following the necessary regulatory filings. This Capital Reduction reduced the Company's Capital Redemption Reserve of £75.0 million to nil and created distributable reserves for this same amount.

15 Publication of non-statutory accounts
The financial information contained in this announcement does not constitute statutory accounts as defined in section 435 of the Companies Act 2006.

The comparative figures for the financial year ended 31 December 2022 are not the company's statutory accounts for that financial year. Those accounts have been reported on by the company's auditor and delivered to the registrar of companies. The report of the auditor was (i) unqualified, (ii) did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying their report, and (iii) did not contain a statement under section 498 (2) or (3) of the Companies Act 2006.

This information is provided by RNS, the news service of the London Stock Exchange. RNS is approved by the Financial Conduct Authority to act as a Primary Information Provider in the United Kingdom. Terms and conditions relating to the use and distribution of this information may apply. For further information, please contact rns@lseg.com or visit www.rns.com.

RNS may use your IP address to confirm compliance with the terms and conditions, to analyse how you engage with the information contained in this communication, and to share such analysis on an anonymised basis with others as part of our commercial services. For further information about how RNS and the London Stock Exchange use the personal data you provide us, please see our Privacy Policy.

END

IR EADNXEAKDEAA