



COMPUTACENTER - HALF-YEAR REPORT

September 9, 2024

RNS Number : 3188D

Computacenter PLC

09 September 2024

Computacenter plc

2024 Half Year results

Computacenter plc ('Computacenter' or the 'Group'), a leading independent technology and services provider, today announces unaudited half year results for the six months ended 30 June 2024.

Financial highlights	H1 2024	H1 2023	Change	Change in constant currency ¹
Technology Sourcing gross invoiced income (£m)	3,740.1	4,341.7	-13.9%	-12.2%
Services revenue (£m)	796.5	816.5	-2.4%	-0.6%
Gross invoiced income ¹ (£m)	4,536.6	5,158.2	-12.1%	-10.3%
Technology Sourcing revenue (£m)	2,307.3	2,768.4	-16.7%	-14.8%
Services revenue (£m)	796.5	816.5	-2.4%	-0.6%
Revenue (£m)	3,103.8	3,584.9	-13.4%	-11.6%
Gross profit (£m)	472.2	505.7	-6.6%	-4.8%
Gross margin (%)	15.2%	14.1%	111bps	
Adjusted ¹ operating profit (£m)	81.1	118.5	-31.6%	-30.0%
Adjusted ¹ profit before tax (£m)	87.2	121.8	-28.4%	-26.8%
Adjusted ¹ diluted earnings per share (p)	55.0	73.5	-25.2%	
Dividend per share (p)	23.3	22.6	3.1%	
Net cash inflow from operating activities (£m)	1.4	116.5	-98.8%	
Adjusted ¹ net funds (£m)	401.9	285.1	+41.0%	
Statutory measures	H1 2024	H1 2023	Change	
Operating profit (£m)	78.4	121.5	-35.5%	
Profit before tax (£m)	84.0	122.8	-31.6%	
Diluted earnings per share (p)	52.9	76.5	-30.8%	
Net funds (£m)	287.8	164.8	74.6%	

¹ Alternative performance measures (APMs) and other terms are used throughout this announcement. These are defined in full in the Appendix to this announcement.

Mike Norris, Chief Executive Officer, commented:

"Our performance in the first half largely reflected the expected normalisation of Technology Sourcing volumes against an exceptionally strong comparative. At the same time, we have executed well against our strategy by adding seven 'podium'

customers in the half, broadening our customer base in North America. Professional Services has also delivered good growth, leveraging our experience in Germany into other markets.

"We continue to invest in new systems and tools to ensure Computacenter's continued success while maintaining our strong track record of delivering shareholder returns. The previously announced £200m share buyback is ongoing, which will take the total value of capital distributed to shareholders, including ordinary dividends, to nearly £1bn since 2013.

"We have made an encouraging start to our third quarter and continue to expect stronger momentum in the second half, resulting in progress in the full year on a constant currency basis."

Financial highlights

- Gross profit declined by 4.8% and adjusted PBT by 26.8% in constant currency driven by the expected normalisation of Technology Sourcing volumes against exceptionally strong comparatives, solid underlying performances in Germany and North America, softer UK market conditions and planned increased strategic investment in the half
- Strong balance sheet position with adjusted net funds increasing by £116.8m to £401.9m supporting a £200m return of capital by way of share buyback

Strategic and operational highlights

- Continuing to deliver our strategic priorities of growing our target market customers, scaling our activities and empowering our people
- Good progress in growing the number of customers generating over £1m of gross profit p.a., with a net 7 added across the Group since the year end, and 'podium' customers now totalling 190 (FY 2023: 183)
- In North America, new hyperscale and enterprise customer wins, with 8 'podium' customers added in the half; we remain excited about the scale of the long-term growth opportunity
- Product order backlog as at 30 June 2024 up 18.5% year on year in constant currency, and up 47.8% since 31 December 2023, driven by strong Technology Sourcing order intake in North America
- £17.6m of spend on strategic initiatives (H1 2023: £11.9m) to improve our capabilities, enhance productivity and secure future growth

Shareholder returns

- Interim dividend increased by 3.1% to 23.3p
- £200m share buyback programme commenced in late July given strength of balance sheet, and in line with our capital allocation policy; £66.1m completed to date

Outlook

We have made an encouraging start to Q3 and, consistent with our July trading update, we expect stronger momentum in the second half underpinned by the size of our committed product order backlog and wider pipeline of opportunities. While we are mindful of the backdrop of continuing geopolitical and macro uncertainty across our markets we continue to expect to make progress in FY 2024 as a whole on a constant currency basis.

Enquiries:

Computacenter plc

Mike Norris, CEO	+44 (0) 1707 631 601
Chris Jehle, CFO	+44 (0) 1707 631 346
Christian Cowley, Investor Relations	+44 (0) 1707 631 132

Teneo

James Macey White / Matt Low	+44 (0) 207 353 4200
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About Computacenter:

Computacenter is a leading independent technology and services provider, trusted by large corporate and public sector organisations. We are a responsible business that believes in winning together for our people and our planet. We help our customers to Source, Transform and Manage their technology infrastructure to deliver digital transformation, enabling

people and their business. Computacenter plc is a public company quoted on the London Stock Exchange (CCC.L) and a member of FTSE 250. Computacenter employs over 20,000 people worldwide.

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 2023 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.

Chief Executive Officer's review

Summary of H1 2024 performance

As anticipated, Technology Sourcing volumes normalised during the first half of 2024 against an exceptionally strong performance in H1 2023. While this naturally impacted our overall financial performance in the short term, we delivered solid underlying performances in Germany and North America. In the UK, demand for hardware has been weaker than we expected at the start of the year, with customers exercising greater caution and purchasing decisions taking longer to conclude. The H1 result was also impacted by the timing of fulfilment for certain large orders in North America, which moved into H2 and are now being completed, as well as the phasing of our strategic initiatives investments, where we spent an additional £5.7m versus the same period in 2023.

Encouragingly, our committed product order backlog has grown significantly since the start of the year. This has been driven by notable Technology Sourcing wins in North America and we have a healthy wider pipeline of opportunities,

leaving us well-positioned to deliver a stronger second half performance, against a less challenging comparative.

As outlined at our June 2024 Capital Markets Day - "Delivering Long Term Value" - we continue to execute on our strategic priorities of growing our target market customers, scaling our activities and empowering our people. We made good progress in growing the number of customers generating over £1m of gross profit per annum, mainly driven by North America, with a net seven added across the Group since the year end, with Group podium customers now totalling 190. This is an important measure of our ability to secure sustainable long-term growth.

Well-positioned to meet customer needs

We outperformed the broader IT market in 2023, in the context of a challenging macroeconomic backdrop, driven in part by growing our share with some of our existing large customers. During the first half of 2024, customers have continued to pursue their digital transformations with a degree of caution as the uncertain macroeconomic environment persists. Areas such as security are being prioritised over currently more discretionary areas, such as workplace refreshes.

Hyperscalers continue to allocate increasing resources into AI-centric infrastructure. In North America, we have established a track record of delivering a high-quality service for hyperscale customers given our expertise in the areas of high-performance compute, networking, low-latency storage, datacenter infrastructure and software components. Encouragingly, we have enjoyed success in broadening our customer base with this important community during the first half.

Corporate and public sector organisations are assessing the opportunities and returns that AI can deliver, with many now trialling and experimenting with new products. While some of this innovation is most immediately accessible through software, customers are also evaluating their own infrastructure requirements.

Computacenter has always helped customers to evaluate new technologies, to navigate rising complexity of their IT estates and to achieve the return on investment they need. Our customers are looking to work with fewer suppliers, and for their partners to have a deep understanding of their requirements as well as the scale, flexibility and cost competitiveness to meet their specific needs. This puts us in a strong position to support them, as our three core activities - Technology Sourcing, Professional Services and Managed Services - are all critical for helping customers to achieve their IT ambitions.

Demand for our broad Professional Services capability during the half has been encouraging. Our commitment to growing and enhancing Professional Services by having a broader and scalable portfolio across all countries, based on a common operating framework and a stronger sales approach, is starting to gain traction with continued growth in Germany, and now a return to growth in the UK. Professional Services has been a strong driver of growth for Services over the last five years, and we see it as an important future growth driver of revenue and profit for the Group.

Managed Services saw revenues decline during the half, reflecting the timing of certain contract losses, while the onboarding of several large contracts has been extended and will start to contribute more significantly towards the end of 2024 and beyond. Our margin performance was also impacted by one large underperforming contract in Germany which we have now substantially addressed. While global inflationary pressures have moderated, we remain vigilant and continue to make efficiencies and take advantage of contractual opportunities to recover cost increases.

To offer increased value to our customers we continue to invest in new and improved systems, greater automation and offshoring. We now have approximately 1,800 colleagues serving our customers in India versus 1,400 at the end of 2023. The market opportunity for Managed Services is substantial in our core areas of workplace, networking, infrastructure and cloud. These services are important to the longevity of our customer relationships, with more than three-quarters of our major European headquartered customers contracting with us, supported by our Service Centers globally.

Diversified geographic exposure

While IT spending is expected to grow across all of our markets over the long-term our diversified geographic exposure provides us with greater protection from any short-term weakness in particular geographies. Although Germany and North America both faced very challenging comparatives in the first half, both delivered solid underlying performances.

In Germany, excluding the impact of a large networking contract in the prior year and one significantly underperforming Managed Services contract during the half, gross profit increased year on year. Our deep capabilities in technology areas such as networking and cyber as well as our ability to support customers at every stage of the IT lifecycle means we are strongly positioned.

North America's performance was pleasing, in the context of an exceptionally strong comparative, positioning us well for the second half. During the period we won significant new hyperscale and enterprise business and have grown our orderbook substantially since the year end, with an encouraging pipeline of opportunities. We remain excited by the clear long-term growth opportunity, in this highly fragmented market, as we continue to leverage Computacenter's broader capability and resources.

Our UK performance remains disappointing with the market for hardware proving weaker than anticipated at the start of the year. While current market conditions have outweighed the improvements we have made in how we approach the UK market, we have maintained the number of podium customers. Our integrated offer remains compelling to our target market, as evidenced by the award of a six-year contract worth approximately £1bn with an existing customer, covering all three Service Lines. Furthermore, having grown Professional Services during the half we are in a better position with customers to take advantage as market conditions improve.

Investing to secure future growth

We continue at pace with the rollout of our strategic initiatives which will improve our capabilities and productivity, enable us to further leverage AI solutions, underpin our systems for the future and create competitive advantage. This investment increased operating costs by £5.7m year on year to £17.6m (H1 2023: £11.9m), with our expectation for the full year of £28-30m unchanged (FY 2023: £28.4m).

While moving all our Service Desks onto a common platform, we are migrating from our legacy service management tool to a new platform and building new functionality within it for our modern workplace solutions such as Device Lifecycle Management. We are upgrading all our Integration Centers across the world to a new standard. This includes the latest warehouse management software, a Group standard for configuration, new scanning functionality and a more sophisticated capability for courier integration. We have finished the rollout of our CRM system and will complete the implementation of a new configuration and pricing tool, and ultimately an upgrade of our current ERP system to a new cloud-based version. At the same time, we continue to invest significantly to mitigate evolving cyber risks.

Returning surplus capital via share buyback programme

Given the Group's strong positive adjusted net funds position of £401.9m at 30 June, and currently anticipated capital needs, we announced in late July that we will return up to £200m to shareholders via a share buyback programme. This is in line with our disciplined capital allocation policy to invest organically, make targeted acquisitions and distribute surplus capital while retaining a strong balance sheet. Following the completion of the buyback, we expect to maintain a strong balance sheet with positive adjusted net funds.

Outlook - expecting stronger performance in H2

Looking to the full year, we have made an encouraging start to Q3 and, consistent with our July trading update, we expect stronger momentum in the second half underpinned by the size of our committed product order backlog and wider pipeline of opportunities. While we are mindful of the backdrop of continuing geopolitical and macro uncertainty across our

markets, we continue to expect to make progress in FY 2024 as a whole on a constant currency basis. At current exchange rates we expect a negative c.£8m translation impact on adjusted profit before tax in the full year.

Looking further ahead, we are excited by the pace of innovation and growth in demand for technology. With our strength in Technology Sourcing, Professional Services and Managed Services, and our focus on retaining and maximising customer relationships over the long term, we believe that we are well placed to deliver profitable growth and sustained cash generation.

Technical guidance for 2024:

- At current exchange rates a negative c.£8m translation impact expected on adjusted PBT in the full year (*previously c.£7m*)
- Strategic initiatives opex expected to be £28-30m
- Adjusted effective tax rate expected to be 28.5%-30.5%
- Capex expected to be £35-40m
- Dividend cover of 2-2.5x adjusted diluted EPS
- £200m share buyback programme commenced in July

H1 2024 Group financial performance

Total gross invoiced income decreased by 12.1% and by 10.3% in constant currency and total revenue decreased by 13.4% and by 11.6% in constant currency, largely reflecting the normalisation of technology sourcing volumes versus an exceptionally strong comparative. Gross profit declined by 6.6% on a reported basis and by 4.8% in constant currency. Group gross margin increased by 111 basis points to 15.2%, reflecting a 148 basis points increase in Technology Sourcing and a 65 basis points decline in Services.

Adjusted operating profit decreased by 31.6% on a reported basis and by 30.0% in constant currency, driven by the decline in gross profit combined with a 2.8% increase in administrative expenses in constant currency. By geography, adjusted operating profit declined in UK reflecting weaker market conditions than expected as we entered the year. Underlying performance in Germany and North America was solid against strong comparatives.

Adjusted profit before tax decreased by 28.4% on a reported basis and by 26.8% in constant currency. Adjusted diluted EPS decreased by 25.2% with an increase in the effective tax rate to 30.2% (H1 2023: 29.4%). Profit before tax decreased by 31.6%. The difference between profit before tax and adjusted profit before tax relates to the Group's net costs of £3.2m from exceptional and other adjusting items, related to the acquisitions of Pivot and BITS. Diluted EPS decreased by 30.8%. We maintain a strong balance sheet with an increase of adjusted net funds of £116.8m to £401.9m versus H1 2023.

Results	H1 2024 £m	H1 2023 £m	Change	Change in constant currency
Technology Sourcing gross invoiced income	3,740.1	4,341.7	-13.9%	-12.2%
Services revenue	796.5	816.5	-2.4%	-0.6%
Total gross invoiced income	4,536.6	5,158.2	-12.1%	-10.3%
Technology Sourcing revenue	2,307.3	2,768.4	-16.7%	-14.8%
Services revenue	796.5	816.5	-2.4%	-0.6%
Professional Services revenue ²	365.7	348.3	5.0%	7.1%
Managed Services revenue ²	430.8	468.2	-8.0%	-6.3%
Total revenue	3,103.8	3,584.9	-13.4%	-11.6%
Gross profit	472.2	505.7	-6.6%	-4.8%
Adjusted total administrative expenses	(391.1)	(387.2)	1.0%	2.8%
Adjusted operating profit	81.1	118.5	-31.6%	-30.0%
Net adjusted finance income / (costs)	6.1	3.3	84.8%	84.8%
Adjusted profit before tax	87.2	121.8	-28.4%	-26.8%
Adjusted diluted earnings per share (p)	55.0	73.5	-25.2%	

Gross profit	472.2	505.7	-6.6%
Total administrative expenses	(396.3)	(392.7)	0.9%
Other income related to acquisition of subsidiary	-	5.3	
Gain on acquisition of subsidiary	2.5	3.2	
Operating profit	78.4	121.5	-35.5%
Net finance income / (costs)	5.6	1.3	330.8%
Profit before tax	84.0	122.8	-31.6%
Diluted earnings per share (p)	52.9	76.5	-30.8%

² We have reallocated certain Services revenues between Professional Services and Managed Services to better reflect the type of services provided to customers. There is no change to Total Services revenue. Restated full year 2023 revenues are detailed in Note 5 to the Condensed Consolidated Financial Statements within this announcement.

Technology Sourcing

Against an exceptionally strong performance in the first half of 2023, as anticipated, Technology Sourcing activity normalised during the period. As a result, group Technology Sourcing gross invoiced income declined by 12.2% in constant currency. Technology Sourcing gross margin increased by 148 basis points, reflecting less high-volume, lower-margin activity, broad-based improvements and a higher software mix.

Encouragingly, our committed product order backlog has grown by 47.8% since the start of the year driven by notable Technology Sourcing wins in North America, and is higher than the prior year equivalent. Our product order backlog measures the total value of committed outstanding purchase orders placed with our technology vendors against non-cancellable sales orders for delivery within 12 months. As at 30 June 2024, the product order backlog was £1,795.7m on a gross invoiced income basis, an 18.5% increase since 30 June 2023 (£1,514.9m) in constant currency. The Technology Sourcing backlog, alongside the Managed Services contract base and the Professional Services forward order book, provide visibility of future revenues in these areas.

Services

Total Services revenue declined by 0.6% in constant currency during the half. Services gross margin decreased by 65 basis points, mainly reflecting the impact of an underperforming Managed Services contract in Germany, which has now been substantially addressed, and onboarding costs for contracts won in 2023, which we expect to deliver benefits in the coming years.

Professional Services revenue grew by 7.1% in constant currency and accounted for 46% of total Services revenue. Germany, our largest source of Professional Services revenue, continued its strong performance growing by 6.3% in constant currency, and encouragingly the UK grew by 7.9%.

Managed Services revenue declined by 6.3% in constant currency and accounted for 54% of total Services revenue. The revenue decline reflects the timing of certain contract losses while onboarding several large contracts that will start to contribute more significantly towards the end of 2024 and beyond.

Trading reviews by geography

United Kingdom

Results	H1 2024 £m	H1 2023 £m	Change
Technology Sourcing gross invoiced income	864.6	1,051.0	-17.7%
Services revenue	220.1	220.2	0.0%
Total gross invoiced income	1,084.7	1,271.2	-14.7%
Technology Sourcing revenue	322.1	465.9	-30.9%
Services revenue	220.1	220.2	0.0%
Professional Services revenue ²	71.0	65.8	7.9%

Managed Services revenue ²	149.1	154.4	-3.4%
Total revenue	542.2	686.1	-21.0%
Gross profit	107.8	127.2	-15.3%
Adjusted administrative expenses	(94.4)	(101.7)	-7.2%
Adjusted operating profit	13.4	25.5	-47.5%

The UK delivered a weaker result in a market that was softer than expected, especially for hardware. Total gross invoiced income decreased by 14.7% reflecting a decline in Technology Sourcing and flat Services revenue. Total revenue decreased by 21.0% reflecting a higher mix of software. Gross profit decreased by 15.3% with gross margin increasing by 134 basis points. Administrative expenses decreased due to lower commissions and good cost control, resulting in adjusted operating profit decreasing by 47.5%.

Customers exercised greater caution in the period, with purchasing decisions taking longer to conclude. This behaviour was compounded by the surprise election announcement in late May. While the competitive environment has intensified, reflecting the more challenging backdrop, we were pleased to renew a six-year contract worth approximately £1bn with a large UK customer covering all three Service Lines.

In 2023, we implemented new leadership and made significant changes to enhance our focus on our target market of large corporate and public sector organisations. While prevailing market conditions in the UK have overshadowed our organisational progress and changes in how we address the UK market opportunity, we have maintained the number of podium customers. Having grown Professional Services during the half we are in a better position with customers to take advantage as market conditions improve.

Technology Sourcing

Technology Sourcing gross invoiced income decreased by 17.7%, with gross margin increasing by 267 basis points, reflecting a higher mix of software. Demand for workplace hardware remains weak despite the aging installed base of PCs following significant investment during the pandemic. The adoption of Windows 11 is also expected to provide an impetus for a device refresh although this is now expected to be more of a feature of 2025. The product order backlog at 30 June 2024 was £360.0m, representing an 18.7% increase since 30 June 2023 (£303.4m).

Services

Services revenue was unchanged, with Professional Services increasing by 7.9% and Managed Services decreasing by 3.4%. Gross margin decreased by 172 basis points, reflecting the onboarding of a large customer which is now substantially complete.

We are encouraged by the growth we have achieved in Professional Services after a challenging 2023. This has been driven by good demand in networking and Windows 11-related consultancy projects. While projects have typically been smaller than in the past, there is good demand for our skills and the pipeline for Professional Services is healthy.

In Managed Services, the onboarding of a large public sector contract that was secured at the end of 2023 has been extended and is now expected to contribute more materially in 2025. We are seeing strong interest in our Device Lifecycle Management proposition, as evidenced by the six-year contract renewal referenced above.

Germany

Results	H1 2024 £m	H1 2023 £m	Change	Change in constant currency
Technology Sourcing gross invoiced income	812.9	1,042.5	-22.0%	-20.0%
Services revenue	376.4	380.9	-1.2%	1.4%
Total gross invoiced income	1,189.3	1,423.4	-16.4%	-14.3%

Technology Sourcing revenue	525.6	592.8	-11.3%	-9.1%
Services revenue	376.4	380.9	-1.2%	1.4%
Professional Services revenue ²	201.5	194.5	3.6%	6.3%
Managed Services revenue ²	174.9	186.4	-6.2%	-3.7%
Total revenue	902.0	973.7	-7.4%	-5.0%
Gross profit	167.3	179.1	-6.6%	-4.2%
Adjusted administrative expenses	(107.8)	(105.8)	1.9%	4.5%
Adjusted operating profit	59.5	73.3	-18.8%	-16.7%

Germany delivered a solid underlying performance during the first half. Total gross invoiced income decreased by 14.3% in constant currency, driven by a reduction in Technology Sourcing against a very strong comparative, and modest growth in Services revenue. Gross profit decreased by 4.2% in constant currency with gross margin increasing by 15 basis points, with a strong margin performance in Technology Sourcing outweighing a weaker Services margin. Excluding the impact of a large networking contract in the prior year and one significantly underperforming Managed Services contract during the half, gross profit increased. Administrative expenses increased by 4.5% in constant currency resulting in a decline in adjusted operating profit of 16.7% in constant currency.

In the context of a challenging overall economic backdrop in Germany, we continue to benefit from the breadth and depth of our portfolio, our capabilities and the strength of our relationships with both public and corporate sector customers. As a result, we continue to broaden our portfolio with existing customers and expanded our customer base.

Technology Sourcing

Technology Sourcing gross invoiced income decreased by 20.0% in constant currency against an exceptionally strong comparative, which included a large networking contract. We delivered solid growth in datacenter, security and also in workplace. Technology Sourcing gross margin was strong, increasing by 164 basis points due to strong execution and product mix.

In addition to strong software demand, we continue to see a trend towards bundling procurements in bigger framework contracts, especially for global requirements of large international customers and infrastructure demand from our major public sector clients. Demand for security solutions remains buoyant supported by new mandatory EU legislation aimed at enhancing cybersecurity and operational resilience across a number of sectors. We are also starting to see increasing demand for AI-related infrastructure. In particular, the pipeline is growing for on-premise datacenter infrastructure for data training purposes.

The demand for innovative and flexible workplace solutions with asset management, deployment and maintenance services and an increasingly international scope remains high. Following the successful implementation of the Device Lifecycle Management solution at a global player in the financial sector, we have been able to win further large and exciting projects in the industrial, retail and travel sectors.

The product order backlog at 30 June 2024 was £175.6m, a 23.1% increase in constant currency since 30 June 2023 (£142.7m). We are encouraged by the scale of the wider pipeline of opportunities as we move into the second half of the year.

Services

Services revenue increased by 1.4% in constant currency with 6.3% growth in Professional Services outweighing a 3.7% decline in Managed Services. Services gross margin declined by 210 basis points, largely reflecting one significantly underperforming Managed Services contract. Following remedial action, some of the losses incurred during the first half are expected to be recovered during the second half.

Professional Services saw continued strong demand from public sector customers for support, engineering and consultancy services. We also see continuing demand for project support and skills from our corporate customers, especially in networking and security, datacenter consolidation and cloud management, as well as for expanding modern workplace infrastructures. In addition, we are increasingly seeing a need for comprehensive advice on the use of AI in general and AI-related infrastructure. During period, we advised a major German automotive manufacturer on the efficient use of Microsoft Copilot.

In Managed Services, in the context of a large portfolio of contracts that performed as expected, it was disappointing that one significantly underperforming contract impacted our margin performance for the half. We anticipate an improved performance in the second half of the year following a number of wins including a long-term workplace contract with a global player in the healthcare and agriculture sector, as well as a better performance from the underperforming contract. Looking further ahead, we have a strong pipeline particularly in workplace and networking, where we are very well-positioned.

Western Europe

Results	H1 2024 £m	H1 2023 £m	Change	Change in constant currency
Technology Sourcing gross invoiced income	480.1	441.2	8.8%	11.6%
Services revenue	114.1	131.7	-13.4%	-11.1%
Total gross invoiced income	594.2	572.9	3.7%	6.4%
Technology Sourcing revenue	299.2	309.7	-3.4%	-1.0%
Services revenue	114.1	131.7	-13.4%	-11.1%
Professional Services revenue ²	32.0	32.1	-0.3%	2.2%
Managed Services revenue ²	82.1	99.6	-17.6%	-15.3%
Total revenue	413.3	441.4	-6.4%	-4.0%
Gross profit	51.7	56.0	-7.7%	-5.3%
Adjusted administrative expenses	(49.6)	(50.1)	-1.0%	1.4%
Adjusted operating profit	2.1	5.9	-64.4%	-62.7%

"Western Europe" is a new reporting segment which combines the previously reported France with Belgium, Netherlands and Switzerland. The entities within Belgium, the Netherlands and Switzerland have been transferred from the previously reported "International" into Western Europe. This change separates the entities that actively sell to local customers from the International Segment. The previously reported International segment aggregated selling entities with a number of purely operational support entities that provide Services to the Group's global customers. The change makes a clearer distinction between the countries in which we sell to customers and the other countries in which we operate directly to support those customers. Full year 2023 restatements are available in Note 5 to the Condensed Consolidated Financial Statements within this announcement.

Total gross invoiced income increased by 6.4% in constant currency, with strong growth in Technology Sourcing partly offset by a decline in Services revenue. Gross profit decreased by 5.3% in constant currency, with gross margin down 18 basis points. Technology Sourcing gross margin increased by 4 basis points and Services gross margin decreased by 125 basis points. Administrative expenses increased by 1.4% in constant currency, resulting in adjusted operating profit declining by £3.8m and by 62.7% in constant currency.

France delivered increased gross invoiced income driven by strong growth in Technology Sourcing partly offset by a decline in Services revenue, largely reflecting the termination of low-margin Managed Services contracts. Technology Sourcing growth was driven by an increase in sales of lower margin workplace hardware and software. We are onboarding several new Managed Services contracts in the public and private sector during 2024 which we expect to deliver benefits in

the coming years. We continue to build on our enhanced market position with combined strength in workplace, networking and datacenter. Looking forward, however, we are mindful of the increase in political uncertainty following recent elections.

Belgium continued to deliver a strong performance, driven by growth in Technology Sourcing, especially networking, and in Managed Services. We secured a multi-year storage framework agreement with an IT company serving public institutions. In Managed Services we successfully onboarded a multi-year outsourcing contract with a global customer in the financial settlement services industry.

The Netherlands performed in line with our expectations with the result significantly impacted by the loss of one of the largest public sector Technology Sourcing contracts in the second half of last year. Excluding this, performance was stable year on year.

Switzerland delivered an improved performance against a weak comparative driven by growth in Services. Volumes increased for our main Services contracts and we secured a five-year contract extension with a key customer. Technology Sourcing activity was at similar levels to last year with recent wins expected to deliver growth in the second half.

The combined product order backlog at 30 June 2024 was £141.7m, a 117.8% increase in constant currency since 30 June 2023 (£65.1m) in constant currency.

North America

Results	H1 2024 £m	H1 2023 £m	Change	Change in constant currency
Technology Sourcing gross invoiced income	1,579.6	1,805.6	-12.5%	-10.1%
Services revenue	74.2	70.3	5.5%	8.2%
Total gross invoiced income	1,653.8	1,875.9	-11.8%	-9.4%
Technology Sourcing revenue	1,157.5	1,398.6	-17.2%	-14.9%
Services revenue	74.2	70.3	5.5%	8.2%
Professional Services revenue ²	61.2	55.7	9.9%	12.5%
Managed Services revenue ²	13.0	14.6	-11.0%	-8.3%
Total revenue	1,231.7	1,468.9	-16.1%	-13.8%
Gross profit	127.8	132.7	-3.7%	-1.2%
Adjusted administrative expenses	(101.7)	(103.4)	-1.6%	0.9%
Adjusted operating profit	26.1	29.3	-10.9%	-8.3%

North America delivered a solid underlying first half performance reflecting the expected decrease in activity with a large hyperscale customer, partly offset by growth with existing customers and new customer wins. The result was also impacted by the timing of fulfilment of certain large orders which moved from the end of the first half into the second half. Gross invoiced income decreased by 9.4% in constant currency. Gross profit decreased by 1.2% in constant currency, with gross margin increasing by 134 basis points, reflecting the lower proportion of hyperscale business during the period and an improved margin performance from rest of the business. Administrative expenses increased by 0.9% in constant currency largely reflecting investment in sales capacity and lower commissions, resulting in a decline in adjusted operating profit of 8.3% in constant currency.

During the half we added eight podium customers including two new hyperscale customers. We continue to add targeted sales capacity to capitalise on the significant market opportunity. In April we successfully migrated Pivot onto our group-wide ERP system.

Technology Sourcing

Technology Sourcing gross invoiced income decreased by 10.1% on a constant currency basis and gross margin in Technology Sourcing increased by 143 basis points, primarily due to mix impact of the expected decrease in activity with our largest hyperscale customer and improved margin performance across the rest of our portfolio of customers. Despite the normalisation of activity of our largest hyperscale customer it remains a significant contributor with a healthy orderbook.

Our strong track record of delivering IT infrastructure at scale is helping us to win new customers and start to broaden our hyperscale customer base. During the first half, we won significant new business with two hyperscale customers. Some of these orders were rephased from the end of the first half into the second half of the year.

The product order backlog at 30 June 2024 was £1,118.3m, an 11.4% increase in constant currency since 30 June 2023 (£1,003.7m) reflecting the significant business won during the half. We remain excited by the pipeline of opportunities with both enterprise and hyperscale customers.

Services

Services revenue increased by 8.2% in constant currency, reflecting a 12.5% increase in Professional Services and an 8.3% decline in Managed Services. Services gross margin decreased by 25 basis points. We continue to focus on leveraging Group-wide tools, expertise and systems to deliver accelerated Services growth.

Professional Services revenue increased strongly during the half, reflecting growth with existing and new enterprise and hyperscale customers. We continue to focus our efforts on driving efficiency and improving utilisation.

Managed Services experienced a decline during the half, primarily due to lower than expected activity from two customers coupled with the discontinuation of some services previously offered by our Canadian business. This decline has been partially offset by the successful onboarding of a large global automotive manufacturer earlier in 2024, which is providing opportunities to cross-sell other Service Lines this year.

Financial review

Gross profit

Gross profit fell by 6.6% in the period following the decline in gross invoiced income and revenue. Group gross margin increased by 111 basis points, with an increase in Technology Sourcing gross margin reflecting strong execution and product mix, outweighing a slight decline in Services largely reflecting the impact of an underperforming contract in Germany. Overall, Group gross margin, expressed as gross profit as a percentage of revenue, increased to 15.2% (H1 2023: 14.1%).

Operating profit

Operating profit fell by 35.5% to £78.4m (H1 2023: 121.5m). Adjusted operating profit fell by 31.6% to £81.1m (H1 2023: £118.5m), and by 30.0% in constant currency.

Administrative expenses increased by 3.1% to £396.3m (H1 2023: £392.7), reflecting lower commission payments and increased investment. During the period we increased our spend on strategic corporate initiatives by 47.4% to £17.6m (H1 2023: £11.9m). Adjusted administrative expenses increased by 1.0% to £391.1m (H1 2023: £387.2m) and by 2.8% in constant currency.

Profit before tax

The Group's profit before tax for the period decreased by 31.6% to £84.0m (H1 2023: £122.8m). Adjusted profit before tax decreased by 28.4% to £87.2m (H1 2023: £121.8m) and declined by 26.8% in constant currency.

The difference between profit before tax and adjusted profit before tax relates to the Group's net costs of £3.2m (H1 2023: net gain of £1.0m) from exceptional and other adjusting items, associated with the acquisitions of Pivot and BITS and the amortisation of acquired intangibles as a result of these and other North American acquisitions. Further information on these items can be found below.

Reconciliation to adjusted measures for the period ended 30 June 2024

	Adjustments				Adjusted Interim results £m
	Reported Interim results £m	Principal element on agency contracts £m	Amortisation of acquired intangibles £m	Exceptionals and others £m	
Revenue	3,103.8	1,432.8	-	-	4,536.6
Cost of sales	(2,631.6)	(1,432.8)	-	-	(4,064.4)
Gross profit	472.2	-	-	-	472.2
Administrative expenses	(396.3)	-	5.2	-	(391.1)
Other income related to acquisition of subsidiary	-	-	-	-	-
Gain related to acquisition of subsidiary	2.5	-	-	(2.5)	-
Operating profit	78.4	-	5.2	(2.5)	81.1
Finance income	9.9	-	-	-	9.9
Finance costs	(4.3)	-	-	0.5	(3.8)
Profit before tax	84.0	-	5.2	(2.0)	87.2
Income tax expense	(25.5)	-	(0.8)	-	(26.3)
Profit for the period	58.5	-	4.4	(2.0)	60.9

Reconciliation to adjusted measures for the period ended 30 June 2023

	Adjustments				Adjusted Interim results £m
	Reported Interim results £m	Principal element on agency contracts £m	Amortisation of acquired intangibles £m	Exceptionals and others £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	(392.7)	-	5.5	-	(387.2)
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

Net finance income

Net finance income in the period amounted to £5.6m (H1 2023: £1.3m income). The main items included within the net income were £2.6m of interest charged on lease liabilities recognised under IFRS 16 (H1 2023: £2.3m) and exceptional

interest costs of £0.5m relating to the unwinding of the discount on the contingent consideration for the purchase of BITS, which was excluded on an adjusted basis (H1 2023: £2.0m). Outside of the specific items above, net finance income of £8.7m was recorded (H1 2023: net finance income of £5.6m). On an adjusted basis, the net finance income was £6.1m during the period (H1 2023: net finance income of £3.3m).

Taxation

The tax charge was £25.5m (H1 2023: £33.4m) on profit before tax of £84.0m (H1 2023: £122.8m). This represented a tax rate of 30.4% (H1 2023: 27.2%).

The tax credit related to the amortisation of acquired intangibles was £0.8 (H1 2023: £2.4m). The £5.2m of amortisation of intangible assets was almost entirely a result of the North American acquisitions (H1 2023: £5.5m). As the amortisation is recognised outside of our adjusted profitability, the tax benefit on the amortisation is also reported outside of our adjusted tax charge.

The adjusted tax charge for the period was £26.3m (H1 2023: £35.8m), on an adjusted profit before tax for the period of £87.2m (H1 2023: £121.8m). The effective tax rate (ETR) was therefore 30.2% (H1 2023: 29.4%) on an adjusted basis.

Overall, the adjusted ETR, is continuing to trend upwards due to an increasing reweighting of the geographic split of adjusted profit before tax away from the United Kingdom to Germany and the United States, where tax rates are higher.

The adjusted ETR is therefore within the full-year range that we indicated at the time of our 2023 Full Year Results, which showed an expected ETR for 2024 of 28.5% to 30.5%. We expect that the full year ETR in 2024 will remain in this range and continue to 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 markets come under fiscal and political pressure to increase corporation tax rates.

The table below reconciles the tax charge to the adjusted tax charge for the periods ended 30 June 2024, 30 June 2023 and the year ended 31 December 2023.

	H1 2024	H1 2023	Year 2023
	£m	£m	£m
Tax charge	25.5	33.4	72.7
Items to exclude from adjusted tax:			
Tax credit on amortisation of acquired intangibles	0.8	2.4	4.0
Tax on exceptional items	-	-	-
Adjusted tax charge	26.3	35.8	76.7
Effective tax rate	30.4%	27.2%	26.7%
Adjusted effective tax rate	30.2%	29.4%	27.6%

Profit for the period

The profit for the period decreased by 34.6% to £58.5m (H1 2023: £89.4m). The adjusted profit for the period decreased by 29.2% to £60.9m (H1 2023: £86.0m) and by 27.5% in constant currency.

Exceptional and other adjusting items

The net loss from exceptional and other adjusting items in the period was £2.4m (H1 2023: gain of £3.4m). Excluding the tax items noted above, which resulted in a gain of £0.8m (H1 2023: gain of £2.4m), the profit before tax impact was a net loss from exceptional and other adjusting items of £3.2m (H1 2023: gain of £1.0m).

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 and 2023 earnings before interest, taxation, depreciation and amortisation (EBITDA) and indebtedness. 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 EBITDA, H1 2024 EBITDA, and indebtedness over these periods.

As the EBITDA for H1 2024 was lower than originally forecast in the agreement with the vendors, due to the phasing of business within 2024, and having considered a range of possible earn-out scenarios, Management has determined that a liability under the revised agreement should be recorded as contingent consideration of £3.6m on a discounted basis as at 30 June 2024. The impact of this revised assessment has resulted in a release during the period of £2.5m. This release related to the acquisition is non-operational in nature, significant in size and has therefore been classified as an exceptional item.

A further £0.5m relating to the unwinding of the discount on the contingent consideration for the purchase of BITS has been removed from the adjusted net finance expense and classified as exceptional interest costs (H1 2023: £2.0m).

We have continued to exclude, as an 'other adjusting item', the amortisation of acquired intangible assets in calculating our adjusted 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 £5.2m (H1 2023: £5.5m), primarily relating to the amortisation of the intangibles acquired as part of the recent North American acquisitions.

Earnings per share

Diluted EPS decreased by 30.8% to 52.9p per share (H1 2023: 76.5p per share). Adjusted diluted EPS decreased by 25.2% to 55.0p per share (H1 2023: 73.5p per share).

	H1 2024	H1 2023	Year 2023
Basic weighted average number of shares (excluding own shares held) (m)	112.9	113.4	112.9
Effect of dilution:			
Share options	1.3	1.3	1.2
Diluted weighted average number of shares	114.2	114.7	114.1
Profit for the period attributable to equity holders of the Parent (£m)	60.4	87.7	197.6
Basic earnings per share (p)	53.5	77.3	175.0
Diluted earnings per share (p)	52.9	76.5	173.2
Adjusted profit for the period attributable to equity holders of the Parent (£m)	62.8	84.3	199.5
Adjusted basic earnings per share (p)	55.6	74.3	176.7
Adjusted diluted earnings per share (p)	55.0	73.5	174.8

Dividend

The Board recognises the importance of dividends to shareholders and the Group has a long track record of paying

dividends and other special cash returns.

Dividends are paid from the standalone balance sheet of the Parent Company and, as at 30 June 2024, the distributable reserves were £466.6m (30 June 2023: £378.2m, 31 December 2023: £474.1m).

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 diluted EPS.

The Board is therefore pleased to announce a 3.1% increase in the interim dividend to 23.3p per share (H1 2023: 22.6p per share). The interim dividend will be paid on Friday 25 October 2024. The dividend record date is set as Friday 27 September 2024 and the shares will be marked ex-dividend on Thursday 26 September 2024.

As a business that has already returned over £1bn 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.

Share buyback

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.

Given the Group's strong positive adjusted net funds position and currently anticipated capital needs, Computacenter announced on 26 July 2024 that it will return up to £200m to shareholders via a share buyback programme, detailed below. This is in line with our capital allocation policy to invest organically, make targeted acquisitions and distribute surplus capital while retaining a strong balance sheet. Following the completion of the buyback we expect to maintain a strong balance sheet with positive adjusted net funds.

Beginning on 26 July 2024, Computacenter plc commenced a share buyback programme to repurchase up to 11,414,110 of its ordinary shares. The maximum amount allocated to the programme is £200m which shall end on or before 30 June 2025. The sole purpose of the programme is to reduce the Company's share capital. To date £66.1m of the programme has been completed.

Whilst the Company has received no indications at this stage, in line with the approach taken on previous returns of value, Directors may undertake disposals of shares during the course of the programme.

Central corporate costs

Central corporate costs primarily include the costs of the Board, 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 separately as 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 administrative expenses.

Total central corporate costs have increased by 35.0% to £25.8m (H1 2023: £19.1m). 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 £6.6m (H1 2023: £5.9m);
- share-based payment charges associated with Group Executive members as identified above, including the Group

Executive Directors, increased from £1.3m in H1 2023 to £1.6m in H1 2024; 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 £17.6m, up 47.9% over H1 2023 (£11.9m).

Investments

In 2023, we nearly doubled our spend on strategic corporate initiatives to £28.1m, all of which was recognised through the income statement. This spend was spread across projects that will improve our capabilities, productivity and underpin our systems of the future. We have seen the pace of this spend increase in H1 2024 (£17.6m) as the Group continues its investment in new systems, toolsets and cyber resilience.

Computacenter resells, deploys and manages vendor technology for customers. Customers choose Computacenter because of the quality of our people and service. To deliver high-quality service to our customers, we need to invest consistently in our systems and tools, Integration Centers and support operations to provide us with competitive advantage, to derive benefits from our Group scale, while ensuring consistency of service and agility.

We have continued to refine our systems investment roadmap through to the end of 2027, with a programme to replace legacy systems that enable our Technology Sourcing and Services businesses. Investing in best-of-breed tools will lower cost to serve, improve the quality of our offerings and enhance our relevance to customers in the marketplace.

Our systems need to be robust, secure and able to handle large volumes. They also have to be simple to use and adaptable to most customer eventualities. We prioritise our plans for systems development, and other investments in time and capital, in response to the ever-changing environment in which we operate.

Cash flow

The Group delivered a net cash inflow from operating activities during the period of £1.4m (H1 2023: £116.5m inflow). In the first half of 2024, following the correction to working capital positions in 2023, we have seen operating cashflows closer to our historical norms where, typically, the Group sees modest to neutral operating cash inflows in the first half of the year with substantial net operating cash inflows in the second half of the year.

During the period, net operating cash outflows from working capital, including inventories, trade and other receivables, and trade and other payables, were £89.7m (H1 2023: £3.4m outflow).

Seasonal trends in accounts receivable and accounts payable have been impacted by the geographic mix of revenues and the timing of that revenue within the half which has increased working capital by £32.6m.

During 2023, supply chains returned to more normal conditions and, as a result, customers returned to normal purchasing patterns. This has naturally led to both reduced levels of inventory and product order backlogs. Our focus on inventory control in 2023 delivered substantial reductions in both Germany and North America, the two Segments where we experienced the greatest inventory accumulation through 2022. The Group had £271.2m of inventory as at 30 June 2024, a decrease of 14.0% on the balance as at 30 June 2023 of £315.4m and an increase of 25.6% in the six months since 31 December 2023 (£216.0m). The £55.2m increase since 31 December 2023 is due to the timing of large projects in North America, which have led to a temporary increase due to the timing of completion of this activity. The closing balance was materially lower than the high point of £532.6m seen as at 30 September 2022 with a reduction of £261.4m since that time. We expect that the stabilised levels of inventory will continue to remain well-managed, with highs and lows remaining within historical operational norms during the second half of 2024.

After interest, tax and gross capital expenditure cashflows, our free cash outflow was £28.8m in the period (H1 2023: £82.0m free cash inflow).

	30 June 2024 £m	30 June 2023 £m	31 December 2023 £m
Adjusted operating profit	81.1	118.5	271.5
Adjusting items	(2.7)	3.0	(2.7)
Operating profit	78.4	121.5	268.8
Other non-cash items and adjustments	24.3	23.6	47.3
Change in working capital	(89.7)	(3.4)	136.7
Change in pensions and provisions	0.6	(1.2)	(0.8)
Depreciation of right-of-use assets	20.3	20.9	41.4
Cash generated from operations	33.9	161.4	493.4
Interest and payments related to lease liabilities	(23.5)	(23.2)	(46.1)
Adjusted operating cash flow	10.4	138.2	447.3
Net interest received/(paid)	8.0	5.7	10.5
Tax paid	(32.5)	(44.9)	(82.8)
Gross capital expenditure	(14.7)	(17.0)	(35.1)
Free cash flow	(28.8)	82.0	339.9
Dividends paid	-	-	(77.3)
Purchase of own shares net of proceeds of exercise of employee share options	(7.5)	(22.9)	(28.8)
Acquisition of subsidiaries, including contingent consideration and purchase of non-controlling interests	(14.7)	(19.3)	(19.3)
Disposal of assets	-	-	-
Net cash flow	(51.0)	39.8	214.5
Net debt repayment	(2.5)	(2.7)	(6.9)
Increase/(decrease) in cash and cash equivalents	(53.5)	37.1	207.6
Effect of exchange rates on cash and cash equivalents	(6.3)	0.1	(0.8)
Cash and cash equivalents at the beginning of the period/year	471.2	264.4	264.4
Cash and cash equivalents at the end of the period/year	411.4	301.6	471.2
Opening net funds	343.6	117.2	117.2
Increase/(decrease) in cash and cash equivalents including impact of exchange rates	(59.8)	37.2	206.8
Movements in borrowings	2.7	3.6	7.9
Movements in lease liabilities	1.3	6.8	11.7
Closing net funds	287.8	164.8	343.6
Opening adjusted net funds	459.0	244.3	244.3

Increase/(decrease) in cash and cash equivalents including impact of exchange rates	(59.8)	37.2	206.8
Movements in borrowings	2.7	3.6	7.9
Closing adjusted net funds	401.9	285.1	459.0

Capital expenditure in the period was £14.7m (H1 2023: £17.0m) primarily representing 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 £10.2m (H1 2023: £26.1m) to satisfy maturing PSP awards and Sharesave schemes and to re-provision the EBT in advance of future maturities. During the period the Company received savings from employees of £2.7m to purchase options within the Sharesave schemes (H1 2023: £3.2m).

During the period, the Group made additional further payments of £14.7m related to the previous BITS acquisition, in accordance with the share purchase agreement, during Q1 2024.

The Group reduced loans during the period by a net £2.5m (H1 2023: £2.7m). We made regular repayments towards the loan related to the construction of the German headquarters in Kerpen and the customer financing facility in Pivot.

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 period. From time to time, some customers request credit terms longer than our typical period 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. 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 2024 was £26.7m (30 June 2023: £48.4m, 31 December 2023: £33.8m).

During June 2024, the Group engaged in a limited factoring programme of trade receivables within the German business, on a non-recourse basis, to provide assurance against unforeseen liquidity issues which did not, in the event, arise due to the continued aforementioned strength of cash receipts in the final weeks of June 2024. This factoring was for £40.2m or 2.9% of the trade receivables after provisions balance as at 30 June 2024. The Group had no other debt factoring at the end of 30 June 2024, outside this normal course of business.

Cash and cash equivalents and net funds

Cash and cash equivalents as at 30 June 2024 were £411.4m compared to £301.6m as at 30 June 2023. Cash and cash equivalents have decreased by £59.8m from £471.2m as at 31 December 2023 (H1 2023: increase of £37.2m from £264.4m as at 31 December 2022).

Net funds as at 30 June 2024 were £287.8m, compared to net funds of £164.8m as at 30 June 2023 and net funds of £343.6m as at 31 December 2023. The Group excluded £114.1m, as at 30 June 2024 (30 June 2023: £120.3m and 31 December 2023: £115.4m), of lease liabilities from its non-GAAP adjusted net funds measure, to allow an alternative view of the Group's overall liquidity position excluding the effect of the lease liabilities required to be capitalised under the IFRS 16 accounting standard.

Adjusted net funds as at 30 June 2024 were £401.9m, compared to adjusted net funds of £285.1m as at 30 June 2023 and

£459.0m as at 31 December 2023.

Net funds as at 30 June 2024, 30 June 2023 and 31 December 2023 were as follows:

	30 June 2024 £m	30 June 2023 £m	31 December 2023 £m
Cash and short-term deposits	411.4	301.6	471.2
Cash and cash equivalents	411.4	301.6	471.2
Bank loans - Pivot customer specific facility	(3.1)	(6.0)	(4.5)
Bank loans - Computacenter India facility	-	(1.9)	-
Bank loans - Kerpen building facility	(6.4)	(8.6)	(7.7)
Total bank loans	(9.5)	(16.5)	(12.2)
Adjusted net funds (excluding lease liabilities)	401.9	285.1	459.0
Lease liabilities	(114.1)	(120.3)	(115.4)
Net funds	287.8	164.8	343.6

For a full reconciliation of net funds and adjusted net funds, see note 12 to the to the summary financial information within this announcement.

Currency

The Group reports its results in pounds sterling. The strength in the value of sterling against most currencies during the first half of 2024, in particular the US Dollar, has begun to impact our revenues and profitability, as a result of the conversion of our increasingly substantial foreign earnings.

Restating the first half of 2023 at 2024 exchange rates would decrease H1 2023 revenue by approximately £75.1m, whilst H1 2023 adjusted profit before tax would reduce by £2.7m. If the 30 June 2024 spot rates were to continue through the remainder of 2024, the impact of restating 2023 at 2024 exchange rates would be to decrease 2023 revenue by approximately £145.4m and 2023 adjusted profit before tax by approximately £6.2m. Restating H1 2024 results at the exchange rates seen in H1 2023 would result in an increase in H1 2024 revenue of £63.4m and an increase in adjusted profit before tax of £2.4m

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 64 to 73 of the 2023 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 2023 Annual Report and Accounts. Our risk management approach operated effectively in the six months to 30 June 2024, 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 6 September 2024 and was signed on its behalf by:

MJ Norris

MC Jehle

Chief Executive Officer

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

MC Jehle

Chief Executive Officer

Chief Financial Officer

Independent review report to Computacenter plc

Conclusion

We have been engaged by Computacenter plc (the 'company') to review the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2024 which comprises the Consolidated Income Statement, Consolidated Statement of Comprehensive Income, Consolidated Balance Sheet, Consolidated Statement of Changes in Equity, Consolidated Cash Flow Statement, and related explanatory notes. We have read the other information contained in the half-yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2024 is not prepared, in all material respects, in accordance with UK-adopted International Accounting Standard (IAS) 34, 'Interim Financial Reporting' and Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority.

Basis for conclusion

We conducted our review in accordance with International Standard on Review Engagements (UK) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by Financial Reporting Council for use in the United Kingdom (ISRE (UK) 2410). A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

As disclosed in note 2, the annual financial statements of the Group are prepared in accordance with UK-adopted

international accounting standards. The condensed set of financial statements included in this half yearly financial report has been prepared in accordance with UK- adopted International Accounting Standard 34, 'Interim Financial Reporting'.

Conclusions relating to going concern

Based on our review procedures, which are less extensive than those performed in an audit as described in the Basis of conclusion section of this report, nothing has come to our attention to suggest that management have inappropriately adopted the going concern basis of accounting or that management have identified material uncertainties relating to going concern that are not appropriately disclosed.

This conclusion is based on the review procedures performed in accordance with this ISRE (UK), however future events or conditions may cause the entity to cease to continue as a going concern.

In our evaluation of the directors' conclusions, we considered the inherent risks associated with the group's business model including effects arising from macro-economic uncertainties such as inflationary pressures and interest rates, we assessed and challenged the reasonableness of estimates made by the directors and the related disclosures and analysed how those risks might affect the group's financial resources or ability to continue operations over the going concern period.

Directors' responsibilities

The half-yearly financial report is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the half-yearly financial report in accordance with UK-adopted International Accounting Standard (IAS) 34, 'Interim Financial Reporting' and the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority.

In preparing the half-yearly financial report, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the review of the financial information

In reviewing the half-yearly report, we are responsible for expressing to the Company a conclusion on the condensed set of financial statements in the half-yearly financial report.

Our conclusion, including our Conclusions relating to going concern, are based on procedures that are less extensive than audit procedures, as described in the Basis for conclusion paragraph of this report.

Use of our report

This report is made solely to the company in accordance with ISRE (UK) 2410. Our review work has been undertaken so that we might state to the company those matters we are required to state to it in an independent review report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company, for our review work, for this report, or for the conclusion we have formed.

Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
London
6 September 2024

Consolidated Income Statement

For the six months ended 30 June 2024

	Note	H1 2024 £m	H1 2023 £m	Year 2023 £m
Revenue	5	3,103.8	3,584.9	6,922.8
Cost of sales		(2,631.6)	(3,079.2)	(5,878.8)
Gross profit	5	472.2	505.7	1,044.0
Administrative expenses		(396.3)	(392.7)	(783.3)
Other income related to acquisition of a subsidiary	8	-	5.3	5.3
Gain related to acquisition of a subsidiary	8	2.5	3.2	2.8
Operating profit		78.4	121.5	268.8
Finance income		9.9	6.6	13.8
Finance costs		(4.3)	(5.3)	(10.5)
Profit before tax		84.0	122.8	272.1
Income tax expense	9	(25.5)	(33.4)	(72.7)
Profit for the period/year		58.5	89.4	199.4
Attributable to:				
Equity holders of the Parent		60.3	87.7	197.6
Non-controlling interests		(1.8)	1.7	1.8
Profit for the period/year		58.5	89.4	199.4
Earnings per share:				
- basic for profit for the period/year	10	53.5p	77.3p	175.0p
- diluted for profit for the period/year	10	52.9p	76.5p	173.2p

All of the activities of the Group relate to continuing operations.

Consolidated Statement of Comprehensive Income

For the six months ended 30 June 2024

	Note	H1 2024 £m	H1 2023 £m	Year 2023 £m
Profit for the period/year		58.5	89.4	199.4
Items that may be reclassified to the Consolidated Income Statement:				
Gain/(loss) arising on cash flow hedge		1.9	2.5	2.8
Income tax effect		(0.6)	(0.9)	(0.9)
		1.3	1.6	1.9
Exchange differences on translation of foreign operations		(10.8)	(26.3)	(25.8)

	(9.5)	(24.7)	(23.9)
Items not to be reclassified to the Consolidated Income Statement:			
Remeasurement of defined benefit plan	-	-	(2.8)
Other comprehensive expense for the period/year, net of tax	(9.5)	(24.7)	(26.7)
Total comprehensive income for the period/year	49.0	64.7	172.7
Attributable to:			
Equity holders of the Parent	50.8	63.3	171.3
Non-controlling interests	(1.8)	1.4	1.4
Total comprehensive income for the period/year	49.0	64.7	172.7

Consolidated Balance Sheet

As at 30 June 2024

	Note	H1 2024 £m	H1 2023 £m	Year 2023 £m
Non-current assets				
Property, plant and equipment		92.4	93.0	96.1
Right-of-use assets		103.8	112.9	104.5
Intangible assets		319.7	328.6	322.4
Investment in associate		-	0.1	0.1
Deferred income tax assets		11.3	11.4	11.6
Trade and other receivables		20.1	16.0	21.1
Prepayments		7.0	16.5	10.3
		554.3	578.5	566.1
Current assets				
Inventories		271.2	315.4	216.0
Trade and other receivables		1,387.5	1,261.4	1,498.1
Income tax receivable		23.3	12.2	12.5
Prepayments		162.6	154.9	139.7
Accrued income		166.9	178.7	151.9
Derivative financial instruments	11	3.3	3.7	2.5
Cash and short-term deposits	12	411.4	301.6	471.2
		2,426.2	2,227.9	2,491.9
Total assets		2,980.5	2,806.4	3,058.0
Current liabilities				
Trade and other payables		1,571.2	1,421.1	1,674.5
Deferred income		224.2	249.8	230.3
Financial liabilities		4.6	6.7	4.8

Lease liabilities		35.6	36.7	37.3
Derivative financial instruments	11	1.7	4.2	6.3
Income tax payable		15.3	22.7	16.9
Provisions		1.6	4.3	2.2
		1,854.2	1,745.5	1,972.3
Non-current liabilities				
Financial liabilities		4.9	9.8	7.4
Lease liabilities		78.5	83.6	78.1
Deferred income		-	5.5	4.3
Retirement benefit obligation		26.3	22.4	26.2
Provisions		7.1	5.2	6.9
Deferred income tax liabilities		12.7	15.1	13.4
		129.5	141.6	136.3
Total liabilities		1983.7	1,887.1	2,108.6
Net assets		996.8	919.3	949.4
Capital and reserves				
Issued share capital		9.3	9.3	9.3
Share premium		4.0	4.0	4.0
Own shares held		(138.2)	(131.4)	(140.4)
Translation and hedging reserve		17.7	26.3	27.2
Retained earnings		1,098.1	1,003.4	1,041.6
Shareholders' equity		990.9	911.6	941.7
Non-controlling interests		5.9	7.7	7.7
Total equity		996.8	919.3	949.4

Approved by the Board on 6 September 2024.

MJ Norris

MC Jehle

Chief Executive Officer

Chief Financial Officer

Consolidated Statement of Changes in Equity

For the six months ended 30 June 2024

Attributable to equity holders of the Parent

Issued share premium	Share redemption	Capital	Own shares	Translation and earnings	Retained earnings	Shareholders'	Non-controlling interest	Total equity
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	capital £m	£m	reserve £m	held £m	hedging reserves £m	£m	equity £m	£m	£m
At 1 January 2023	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 (expense)	-	-	-	-	(24.4)	-	(24.4)	(0.3)	(24.7)
Total comprehensive (expense)/income	-	-	-	-	(24.4)	87.7	63.3	1.4	64.7
Transactions with owners:									
- Cost of share-based payments	-	-	-	-	-	4.0	4.0	-	4.0
- Tax on share-based payments	-	-	-	-	-	1.5	1.5	-	1.5
- Capital reduction	-	-	(75.0)	-	-	75.0	-	-	-
- Exercise of options	-	-	-	22.4	-	(19.2)	3.2	-	3.2
- Purchase of own shares	-	-	-	(26.1)	-	-	(26.1)	-	(26.1)
Total	-	-	(75.0)	(3.7)	-	61.3	(17.4)	-	(17.4)
At 30 June 2023	9.3	4.0	-	(131.4)	26.3	1,003.4	911.6	7.7	919.3
Profit for the period	-	-	-	-	-	109.9	109.9	0.1	110.0
Other comprehensive (expense)/income	-	-	-	-	0.9	(2.8)	(1.9)	(0.1)	(2.0)
Total comprehensive (expense)/income	-	-	-	-	0.9	107.1	108.0	-	108.0
Transactions with owners:									
- Cost of share-based payments	-	-	-	-	-	3.7	3.7	-	3.7
- Tax on share-based payments	-	-	-	-	-	1.6	1.6	-	1.6
- Exercise of options	-	-	-	2.9	-	3.1	6.0	-	6.0
- Purchase of own shares	-	-	-	(11.9)	-	-	(11.9)	-	(11.9)
- Equity dividends	-	-	-	-	-	(77.3)	(77.3)	-	(77.3)
Total	-	-	-	(9.0)	-	(68.9)	(77.9)	-	(77.9)
At 31 December 2023	9.3	4.0	-	(140.4)	27.2	1,041.6	941.7	7.7	949.4
Profit for the period	-	-	-	-	-	60.3	60.3	(1.8)	58.5
Other comprehensive (expense)	-	-	-	-	(9.5)	-	(9.5)	-	(9.5)
Total comprehensive (expense)/income	-	-	-	-	(9.5)	60.3	50.8	(1.8)	49.0
Transactions with owners:									
- Cost of share-based payments	-	-	-	-	-	4.4	4.4	-	4.4
- Tax on share-based payments	-	-	-	-	-	1.5	1.5	-	1.5

- Exercise of options	-	-	-	12.4	-	(9.7)	2.7	-	2.7
- Purchase of own shares	-	-	-	(10.2)	-	-	(10.2)	-	(10.2)
- Equity dividends	-	-	-	-	-	-	-	-	-
Total	-	-	-	2.2	-	(3.8)	(1.6)	-	(1.6)
At 30 June 2024	9.3	4.0	-	(138.2)	17.7	1,098.1	990.9	5.9	996.8

Consolidated Cash Flow Statement

For the six months ended 30 June 2024

	Note	H1 2024 £m	H1 2023 £m	Year 2023 £m
Operating activities				
Profit before taxation		84.0	122.8	272.1
Net finance (income)/cost		(5.6)	(1.3)	(3.3)
Depreciation of property, plant and equipment		10.4	10.0	20.4
Depreciation of right-of-use assets		20.3	20.9	41.4
Amortisation of intangible assets		9.3	9.4	18.9
Share-based payments		4.4	4.0	7.7
Loss on disposal of property, plant and equipment		0.2	-	0.2
Gain on disposal of intangibles		(0.2)	-	-
Net cash flow from inventories		(57.1)	90.6	189.2
Net cash flow from trade and other receivables (including contract assets)		56.1	293.6	107.7
Net cash flow from trade and other payables (including contract liabilities)		(88.7)	(387.6)	(160.2)
Net cash flow from provisions and employee benefits		0.6	(1.2)	(0.8)
Other adjustments		0.2	0.2	0.1
Cash generated from operations		33.9	161.4	493.4
Income taxes paid		(32.5)	(44.9)	(82.8)
Net cash flow from operating activities		1.4	116.5	410.6
Investing activities				
Interest received		9.3	6.7	13.1
Acquisition of subsidiaries, net of cash acquired		-	(1.9)	-
Contingent consideration	11	(14.7)	(17.4)	(17.4)
Purchases of property, plant and equipment		(8.3)	(11.3)	(21.9)
Purchases of intangible assets		(6.4)	(5.7)	(13.2)
Net cash flow from investing activities		(20.1)	(29.6)	(39.4)
Financing activities				
Interest paid		(1.3)	(1.0)	(2.6)
Interest paid on lease liabilities		(2.6)	(2.3)	(4.7)
Purchase of non-controlling interest		-	-	(1.9)
Dividends paid to equity shareholders of the Parent		-	-	(77.3)
Proceeds from exercise of share options		2.7	3.2	9.2

Purchase of own shares		(10.2)	(26.1)	(38.0)
Repayment of loans and credit facility		(2.5)	(64.6)	(69.8)
Payment of capital element of lease liabilities		(20.9)	(20.9)	(41.4)
Drawdown of borrowings		-	61.9	62.9
Net cash flow from financing activities		(34.8)	(49.8)	(163.6)
Increase/(decrease) in cash and cash equivalents		(53.5)	37.1	207.6
Effect of exchange rates on cash and cash equivalents		(6.3)	0.1	(0.8)
Cash and cash equivalents at the beginning of the period/year		471.2	264.4	264.4
Cash and cash equivalents at the end of the period/year	12	411.4	301.6	471.2

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2024

1 General information

The Interim Condensed Consolidated Financial Statements (Financial Statements) of Computacenter plc (Parent Company or the Company) and its subsidiaries (the Group) for the six months ended 30 June 2024 were authorised for issue in accordance with a resolution of the Directors on 6 September 2024. 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. Its registered address is Hatfield Business Park, Hatfield Avenue, Hatfield, AL10 9TW.

2 Basis of preparation

The Financial Statements for the six months ended 30 June 2024 contained in this announcement have been prepared in accordance with International Accounting Standard 34 'Interim Financial Reporting', as adopted by the United Kingdom. They do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Group's 2023 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 prepared on the historical cost basis, other than derivative financial instruments and contingent consideration, which are stated at fair value.

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 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 contained in this announcement, through to 30 September 2025, as the appropriate period for the going concern assessment and have based their assessment on the relevant forecasts from the Plan for that period. No events or conditions beyond the assessment period that may cast significant doubt on the Group's ability to continue as a going concern have been identified.

The potential impact of the principal risks and uncertainties, as set out on pages 64 to 77 of the 2023 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.

The combined effect of the potential occurrence of several of the most impactful risks and uncertainties is represented by a large adjustment to the cash flows over the assessment period which is then compared to the cash position generated by the Plan, throughout the assessment period, to model whether the business will be able to continue in operation. This application of the risk impact adjustment is performed under a sensitivity scenario. The supporting models of the Plan are subject to rigorous downside sensitivity analysis which involves flexing a number of the main assumptions underlying the forecasts within the Plan.

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 2024, simulating a continued impact for some of our customers from a reduction in customer demand due to the current economic crisis, and ongoing impact on the Group's revenues from this macroeconomic instability. This sensitivity analysis models a continued market downturn scenario, with slower-than-predicted recovery estimates, for some of our customers whose businesses have been affected by the downturn occurring for our customer base as a result of the emerging negative global macroeconomic environment due to the current economic crisis. Under the sensitivity scenario, the business demonstrates modelled solvency and liquidity over the assessment period.

Our cash and borrowing capacity provide sufficient funds to meet the foreseeable needs of the Parent and Group. At 30 June 2024, the Group had cash and short-term deposits of £411.4m and bank debt, primarily related to the recently built headquarters in Germany and operations in North America, of £9.5m. On 9 December 2022, the Group entered a new unsecured multi-currency revolving loan facility of £200.0m 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 has exercised the extension option on the first anniversary, extending the term to six years with one further one-year extension option available.

The Group has a resilient balance sheet position, with net assets of £996.8m as at 30 June 2024. The Group made a profit after tax of £58.5m and delivered net cash flows from operating activities of £1.4m, for the period ended 30 June 2024.

As the analysis continues to show a strong forecast cash position, even under the severe economic conditions modelled in the sensitivity scenario, the Directors continue to consider that the Parent and Group are 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 Parent and Group will be able to continue in operation and meet their liabilities as they fall due over the period of not less than 12 months from the date of signing the Financial Statements contained in this announcement and therefore have prepared the Financial Statements on a going concern basis.

3 Significant accounting policies

The accounting policies adopted are consistent with those of the previous financial year as applied in the Group's 2023

Annual Report and Accounts, except for the estimation of income tax (see note 9).

4 Adjusted measures

The Group uses several 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, set out below, assist in providing additional useful information on the underlying trends, performance and position of the Group. The non-GAAP measures are 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. However, as with all non-GAAP alternative performance measures, these adjusted measures present some natural limitations in their usage to understand the Group's performance. These limitations include the lack of comparability with non-GAAP and GAAP measures used by other companies and the fact that the results may, from time-to-time, contain the benefit of acquisitions made but exclude the significant costs associated with that acquisition or the amortisation of acquired intangibles. It is therefore not a complete record of the Group's financial performance as compared to its GAAP results. The exclusion of other adjusting items may result in adjusted earnings being materially higher or lower than reported earnings. In particular, when significant acquisition related charges are excluded, adjusted earnings will be higher than reported GAAP-compliant earnings.

These non-GAAP measures comprise 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 period/year, adjusted earnings per share and adjusted diluted earnings per share.

The Appendix to this announcement sets out the description and basis of calculation of the Alternative Performance Measures and the rationale for their use.

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.

5 Segment information

The Segment information is reported to the Board and the Chief Executive Officer. The Chief Executive Officer is the Group's Chief Operating Decision Maker (CODM).

As disclosed in the 2023 Annual Report and Accounts, the Group reported six segments: UK, Germany, France, North America, International, along with Central Corporate Costs. During the first half of the year, Management reviewed the way it reported Segmental performance to the Board and the CODM. In accordance with IFRS 8, changes to the operating segments were made to better reflect recent changes in management responsibility and how the Board and CODM will review information about the Group. These operating segment changes are explained below:

- The entities within Belgium, the Netherlands and Switzerland have been transferred from the previously reported "International" Segment and into the France Segment which has been renamed "Western Europe". This change removes these entities that actively sell to local customers (selling entities) from the International Segment, placing them in a segment that is a purely selling entity segment.

The previously reported International segment aggregated selling entities with a number of purely operational support

entities that provide Services to the Group's global customers. The change makes a clearer distinction between the countries in which we sell to customers and the other countries in which we operate directly to support those customers.

The change anticipates further alignment of operations between teams within Belgium, the Netherlands and France.

As a result, we now have four segments describing the countries in which we actively sell i.e. our markets: United Kingdom, Germany, Western Europe (France, Belgium, Netherlands and Switzerland) and North America (USA & Canada).

- The revised International segment now consolidates the other countries in which we operate in support of our global customers.
- Finally, we have retained the Central Corporate Cost segment and continues to be disclosed as a separate column.

In addition to the above Segmental changes, the Group also performed an analysis of business activities included within the Services business. As a result of this analysis, from 1 January 2024 the Group has reallocated revenue of certain business activities from Managed Services to Professional Services. This reflects better where the customer relationship and operational responsibility lies and where the benefits should accrue. This change has no impact on the reported Group or total Services revenue, however, Professional services revenue increased and Managed Services decreased by £14.6m, primarily in the Germany segment for H1 2023 (Year ended 31 December 2023: £32.4m).

The above changes in reporting of segments and business activities within the Services business has no impact on reported Group results. To enable comparisons with prior period performance, comparative information for H1 2023 and the year ended 31 December 2023 has been restated in accordance with the revised Segmental and business reporting structure.

The Group has the same operating Segments and reporting Segments. The new Segmental reporting structure is the basis on which internal reports are now provided to the Chief Executive Officer, as the CODM, for assessing performance and determining the allocation of resources within the Group, in accordance with IFRS 8.25. Segmental performance is measured based on external revenues, adjusted gross profit, adjusted operating profit and adjusted profit before tax.

Segmental performance for the periods ended 30 June 2024, 30 June 2023 and 31 December 2023 was as follows:

Six months ended	UK	Germany	Western	North	International	Central	Total
30 June 2024	£m	£m	Europe	America	£m	Corporate	£m
			£m	*£m		Costs	
						£m	
Revenue							
Technology Sourcing revenue							
Gross invoiced income	864.6	812.9	480.1	1,579.6	2.9	-	3,740.1
Adjustment to gross invoiced income for income recognised as agent	(542.5)	(287.3)	(180.9)	(422.1)	-	-	(1,432.8)
Total Technology Sourcing revenue	322.1	525.6	299.2	1,157.5	2.9	-	2,307.3
Services revenue							
Professional Services	71.0	201.5	32.0	61.2	-	-	365.7
Managed Services	149.1	174.9	82.1	13.0	11.7	-	430.8
Total Services revenue	220.1	376.4	114.1	74.2	11.7	-	796.5
Total Revenue	542.2	902.0	413.3	1,231.7	14.6	-	3,103.8

Results

Gross Profit	107.8	167.3	51.7	127.8	17.6	-	472.2
Adjusted administrative expenses	(94.4)	(107.8)	(49.6)	(101.7)	(11.8)	(25.8)	(391.1)
Adjusted operating profit/(loss)	13.4	59.5	2.1	26.1	5.8	(25.8)	81.1
Adjusted net interest	2.6	2.6	-	1.1	(0.2)	-	6.1
Adjusted profit/(loss) before tax	16.0	62.1	2.1	27.2	5.6	(25.8)	87.2
Exceptional items:							
- unwinding of discount relating to acquisition of a subsidiary							(0.5)
- gain relating to acquisition of a subsidiary							2.5
Total exceptional items							2.0
Amortisation of acquired intangibles							(5.2)
Profit before tax							84.0

* Included within the North America Segment total revenue of £1,231.7m is an amount of £1,200.6m revenue for the United States of America.

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

Six months ended

30 June 2024	Total £m
Adjusted operating profit	81.1
Amortisation of acquired intangibles	(5.2)
Exceptional items	2.5
Operating profit	78.4

Six months ended	UK	Germany	Western Europe (restated)	North America*	International (restated)	Central Corporate Costs	Total
30 June 2023	£m	£m	£m	£m	£m	£m	£m
Revenue							
Technology Sourcing revenue							
Gross invoiced income	1,051.0	1,042.5	441.2	1,805.6	1.4	-	4,341.7
Adjustment to gross invoiced income for income recognised as agent	(585.1)	(449.7)	(131.5)	(407.0)	-	-	(1,573.3)
Total Technology Sourcing revenue	465.9	592.8	309.7	1,398.6	1.4	-	2,768.4
Services revenue							
Professional Services (restated)	65.8	194.5	32.1	55.7	0.2	-	348.3

Managed Services (restated)	154.4	186.4	99.6	14.6	13.2	-	468.2
Total Services revenue	220.2	380.9	131.7	70.3	13.4	-	816.5
Total revenue	686.1	973.7	441.4	1,468.9	14.8	-	3,584.9

Results

Gross profit	127.2	179.1	56.0	132.7	10.7	-	505.7
Adjusted administrative expenses	(101.7)	(105.8)	(50.1)	(103.4)	(7.1)	(19.1)	(387.2)
Adjusted operating profit/(loss)	25.5	73.3	5.9	29.3	3.6	(19.1)	118.5
Adjusted net interest	3.8	0.3	(0.7)	0.2	(0.3)	-	3.3
Adjusted profit/(loss) before tax	29.3	73.6	5.2	29.5	3.3	(19.1)	121.8
Exceptional items:							
- unwinding of discount relating to acquisition of a subsidiary							(2.0)
- gain relating 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

* Included within the North America Segment total revenue of £1,468.9m is an amount of £1,444.7m revenue for the United States of America.

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

Six months ended 30 June 2023	Total £m
Adjusted operating profit	118.5
Amortisation of acquired intangibles	(5.5)
Exceptional items	8.5
Operating profit	121.5

Year ended 31 December 2023	UK £m	Germany £m	Western Europe	North America*	International (restated)	Central Corporate	Total £m
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		(restated)				Costs	
		£m	£m	£m	£m	£m	£m
Revenue							
Technology Sourcing revenue							
Gross invoiced income	1,938.1	2,111.5	929.7	3,454.4	11.2	-	8,444.9
Adjustment to gross invoiced income for income recognised as agent	(1,166.3)	(849.7)	(290.0)	(851.8)	(0.8)	-	(3,158.6)
Total Technology Sourcing revenue	771.8	1,261.8	639.7	2,602.6	10.4	-	5,286.3
Services revenue							
Professional Services (restated)	132.5	394.4	65.6	118.7	-	-	711.2
Managed Services (restated)	309.4	371.3	196.0	27.4	21.2	-	925.3
Total Services revenue	441.9	765.7	261.6	146.1	21.2	-	1,636.5
Total revenue	1,213.7	2,027.5	901.3	2,748.7	31.6	-	6,922.8
Results							
Gross profit	250.8	374.5	118.7	267.5	32.5	-	1,044.0
Adjusted administrative expenses	(192.0)	(211.5)	(103.8)	(202.5)	(18.9)	(43.8)	(772.5)
Adjusted operating profit/(loss)	58.8	163.0	14.9	65.0	13.6	(43.8)	271.5
Adjusted net interest	5.5	1.0	(1.0)	1.7	(0.7)	-	6.5
Adjusted profit/(loss) before tax	64.3	164.0	13.9	66.7	12.9	(43.8)	278.0
Exceptional items:							
- unwinding of discount relating to acquisition of a subsidiary							(3.2)
- gain relating to acquisition of a subsidiary							2.8
- other income relating to acquisition of a subsidiary							5.3
Total exceptional items							4.9
Amortisation of acquired intangibles							(10.8)
Profit before tax							272.1

* Included within the North America Segment total revenue of £2,748.7m is an amount of £2,703.4m revenue for the United States of America.

The reconciliation of adjusted operating profit to operating profit as disclosed in the Consolidated Income Statement is as

follows:

Year ended

31 December 2023

	Total £m
Adjusted operating profit	271.5
Amortisation of acquired intangibles	(10.8)
Exceptional items	8.1
Operating profit	268.8

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. Both of these events 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 2023 we have seen these unusual buying patterns reversing and the re-emergence of seasonality that is closer to our historical norms.

During 2024 this trend has continued, and 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 2023.

7 Dividends paid and proposed

A final dividend for 2023 of 47.4 pence per ordinary share was paid on 5 July 2024. An interim dividend in respect of 2024 of 23.3 pence per ordinary share, amounting to a total dividend of £26.6m, was declared by the Directors at their meeting on 6 September 2024. The expected payment date of the dividend declared is 25 October 2024. This announcement does not reflect this dividend payable.

8 Exceptional items

	H1 2024 £m	H1 2023 £m	Year 2023 £m
Operating profit			
Other income related to acquisition of a subsidiary	-	5.3	5.3
Gain related to acquisition of a subsidiary	2.5	3.2	2.8
Exceptional operating profit/(loss)	2.5	8.5	8.1
Interest cost relating to acquisition of a subsidiary	(0.5)	(2.0)	(3.2)
Profit/(loss) on exceptional items before taxation	2.0	6.5	4.9
Income tax			
Tax relating to exceptional items	-	-	-
Profit/(Loss) on exceptional items after taxation	2.0	6.5	4.9

Included within H1 2024 are the following exceptional items:

- £0.5m relating to the unwinding of the discount on the contingent payment for the purchase of BITS has been classified as exceptional interest costs. This is consistent with our prior-year treatment.
- £2.5m relating to a release of contingent consideration in relation to the BITS acquisition (note 11). 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 2023 are the following exceptional items:

- £3.2m relating to the unwinding of the discount on the contingent payment for the purchase of BITS has been classified as exceptional interest costs. This is consistent with our prior-year treatment.
- A \$9.3m (£7.4m) 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, \$6.7m (£5.3m) 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 \$1.6m (£1.3m) and \$1.0m (£0.8m) have been credited to adjusted interest income, for the refund of statutory overpayment interest receivable on the original payment, and adjusted administrative expenses, to reimburse legal expenses incurred since acquisition, respectively.
- £2.8m relating to a release of contingent consideration in relation to the BITS acquisition. 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.

9 Income tax

Tax for the six-month period is charged at 30.4% (six months ended 30 June 2023: 27.2%; year ended 31 December 2023: 26.7%), 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.

OECD Pillar two model

The Group is within the scope of the OECD Pillar Two model rules. Pillar Two legislation was enacted in the UK, the jurisdiction in which Computacenter Plc is incorporated, and came into effect from 1 January 2024. As the Pillar Two legislation is effective at the reporting date, the Group has now assessed its current tax exposure. The Group applies the IAS 12 exception to recognising and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes.

Under the legislation, the Group is liable to pay a top-up tax for the difference between the Pillar Two Global anti-Base Erosion (GloBE) effective tax rate per jurisdiction and the 15% minimum rate.

Our interim assessment, based on the full year forecast of profits, indicates that the Group does not expect a material impact on its effective tax rate as a result of the OECD Pillar Two model rules. For all material jurisdictions in which it operates, the Group has estimated weighted average effective tax rates that exceed 15%.

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 period/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 period/year are considered to be dilutive potential shares.

	H1 2024	H1 2023	Year 2023
	£m	£m	£m
Profit attributable to equity holders of the Parent	60.3	87.7	197.6

	H1 2024	H1 2023	Year 2023
	£m	£m	£m
Basic weighted average number of shares (excluding own shares held)	112.9	113.4	112.9
Effect of dilution:			
Share options	1.3	1.3	1.2
Diluted weighted average number of shares	114.2	114.7	114.1

	H1 2024	H1 2023	Year 2023
	Pence	pence	pence
Basic earnings per share	53.5	77.3	175.0
Diluted earnings per share	52.9	76.5	173.2

11 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:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- 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
- 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 2024 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 £3.3m and a liability of £1.7m (30 June 2023: asset of £3.7m and liability of £4.2m; 31 December 2023: asset of £2.5m and liability of £6.3m). The net realised loss from forward currency contracts, designated as cashflow hedges, in the period to 30 June 2024 of £0.2m (30 June 2023: £0.5m; 31 December 2023: £3.0m) 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

On 1 July 2022, the Group acquired 100% of the voting shares of Business IT Source Holdings, Inc. (BITS) and the acquisition has been accounted for using the purchase method of accounting. In accordance with the share purchase agreement, the Group made its first earn-out payment amounting to £17.4m (\$21.2m) in 2023.

On 30 June 2023, a renegotiated agreement was signed with the former owners following which, the second earn-out is based on BITS's 2023 EBITDA, H1 2024 EBITDA, and indebtedness over these periods. Accordingly, during the period, the Group made payments against the second earn-out amounting to £14.7m (\$18.6m).

The contingent consideration that resulted from the acquisition of BITS, was measured at Level 3 fair value, subsequent to initial recognition. The Group used discounted cash flows (DCF) as a valuation technique to derive the fair value of the contingent consideration. Based on the H1 2024 results for BITS, Management has determined that an accrual of \$4.7m, discounted to \$4.5m using a weighted average discount rate of 12%, should be recorded for the remaining balance of the second earn-out. Compared to previous forecasts, this has resulted in a release during the period of £2.5m, which has been recognised as an exceptional item. The carrying value at 30 June 2024 of £3.6m (30 June 2023: £19.2m; 31 December 2023: £20.2m) is included within Trade and other payables.

12 Net funds

	H1 2024	H1 2023	Year 2023
	£m	£m	£m
Cash and short-term deposits	411.4	301.6	471.2
Cash and cash equivalents	411.4	301.6	471.2
Bank loans and credit facility	(9.5)	(16.5)	(12.2)
Adjusted net funds (excluding lease liabilities)	401.9	285.1	459.0
Lease liabilities	(114.1)	(120.3)	(115.4)
Net funds	287.8	164.8	343.6
Current			
Financial liabilities: Bank and other loans	(4.6)	(6.7)	(4.8)
Lease liabilities	(35.6)	(36.7)	(37.3)
Non-current			
Financial liabilities: Bank and other loans	(4.9)	(9.8)	(7.4)
Lease liabilities	(78.5)	(83.6)	(78.1)

13 Publication of non-statutory accounts

The Financial Statements 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 2023 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.

Appendix:

Alternative performance measures

Alternative Performance Measures are used by the Group to understand and manage performance. These are not defined under International Financial Reporting Standards (IFRS) or UK-adopted International Accounting Standards (UK-IFRS) and are not intended to be a substitute for any IFRS or UK-IFRS measures of performance but have been included as Management considers them to be important measures, alongside the comparable Generally Accepted Accounting Practice (GAAP) financial measures, in assessing underlying performance. Wherever appropriate and practical, we provide reconciliations to relevant GAAP measures. The table below sets out the basis of calculation of the Alternative Performance Measures and the rationale for their use.

Measure	Description	Rationale
Adjusted net funds and net funds	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 recognised under IFRS 16. Net funds is adjusted net funds including all lease liabilities recognised under IFRS 16.	A table reconciling this measure, including the impact of lease liabilities, is provided within note 12 to the summary financial information within this announcement.
Adjusted (expense and profit) measures	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, are 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. Recurring items include purchase price adjustments, including amortisation of acquired intangible assets and adjustments made to reduce deferred income arising on acquisitions and acquisition-related items. Recurring items are adjusted each period irrespective of materiality, to ensure consistent treatment. Non-recurring items are those that Management judge to be one-off or non-operational, such as gains and losses on the disposal of assets, impairment charges and reversals, and restructuring related costs.	Adjusted measures exclude items which in Management's judgement need to be disclosed separately by virtue of their size, nature or frequency to aid understanding of the performance for the period/year or comparability between periods. Adjusted measures allow Management and investors to compare performance without these recurring or non-recurring items. 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 within the Chief Financial Officer's review, which details the impact of exceptional and other adjusted items when compared to the non-GAAP financial measures, in addition to those reported in accordance with IFRS. Further detail is provided within note 5 to the summary financial information within this announcement.
Constant currency	We evaluate the long-term performance and trends within our strategic KPIs 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.
Free cash flow	Free Cash Flow is Cash Flow from Operations minus net interest received, interest and payments related to lease liabilities, income tax paid and gross capital expenditure.	To measure the cash generated by the operating activities during the period that is available to repay debt, undertake acquisitions or distribute to shareholders.
Gross invoiced income and IFRS revenue	Gross invoiced income is based on the value of invoices raised to customers, net of the impact of credit notes and excluding VAT and	Gross invoiced income reflects the cash movements to assist Management and the users of the Annual Report and Accounts

Measure	Description	Rationale
	<p>other sales taxes. 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 within this announcement.</p> <p>IFRS revenue refers to revenue recognised in accordance with International Financial Reporting Standards including IFRS 15 'Revenue from Contracts with Customers' and IFRS 16 'Leases'.</p>	<p>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.</p>
Organic (revenue and profit) measures	<p>In addition to the adjustments made for adjusted measures, organic measures:</p> <ul style="list-style-type: none"> · exclude the contribution from discontinued operations, disposals and assets held for sale of standalone businesses in the current and prior period; · exclude the contribution from acquired businesses until the year after the first full year following acquisition; and · adjust the comparative period to exclude prior-period acquired businesses if they were acquired part-way through the prior period. <p>Acquisitions and disposals where the revenue and contribution impact would be immaterial are not adjusted.</p>	<p>Organic measures allow management and investors to understand the like-for-like revenue and current-period margin performance of the continuing business.</p> <p>The results for the half year did not benefit from any acquisitions made since 1 January 2023, with organic revenue and reported revenue being equivalent.</p>
Product order backlog	<p>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, on a gross invoiced income basis.</p>	<p>The Technology Sourcing backlog, alongside the Managed Services Contract Base and the Professional Services forward order book, allows us visibility of future revenues in these areas.</p>
Return on capital employed (ROCE)	<p>ROCE is calculated as adjusted operating profit, divided by capital employed, which is the closing total net assets excluding adjusted net funds.</p>	<p>As an indicator of the current period financial return on the capital invested in the company.</p>

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