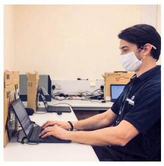
ENABLING SUCCESS



Computacenter plc
half-year results to
30 June 2021

2021 Interim Highlights

Revenue £m **+29.2%**

3,180.0

Dividend per share Pence **+37.4%**

16.9

Profit before tax £m **+59.1%**

115.2

Adjusted[1] profit before tax £m **+59.4%**

118.9

Diluted earnings per share Pence **+56.1%**

70.7

Adjusted[1] diluted earnings per share Pence **+56.5%**

73.1

OPERATIONAL HIGHLIGHTS

- The Group's total revenues grew 29.2 per cent during the first half of the year, by 31.4 per cent in constant currency[2], and by 9.0 per cent in constant currency[2] organically, without the impact of acquisitions made since 1 January 2020. Significant increases in expenditure from industrial customers have complemented continuing business within the public and financial services sector. Ongoing COVID-19 related cost reductions and further improved Services and Technology Sourcing margins has resulted in an increase in adjusted[1] profit before tax of 59.4 per cent during the period to £118.9 million.
- The UK saw an increase in revenues of 9.4 per cent as Technology Sourcing revenues saw further strong growth to cope with the residual demand generated by the COVID-19 crisis and Professional Services revenues saw very encouraging growth as previously delayed projects recommenced and customers began new transformation programmes. Strong Services margins, due to increased utilisation and reduced external contractor costs and stable Technology Sourcing margins have resulted in an increase in adjusted[1] operating profit of 12.6 per cent during the period.
- Germany saw overall revenues increase by 10.5 per cent on a constant currency[2] basis with excellent growth in Managed Services and Technology Sourcing and another very strong performance in Professional Services. The increase in Professional Services volumes, at higher margins, coupled with overall margin improvements have resulted in an increase of 74.6 per cent in adjusted[1] operating profit on a constant currency[2] basis.
- France has had a difficult start to the year, being impacted by the ongoing slow-down of its large industrial private sector customer base, lower than expected orders from its largest Technology Sourcing customer and the expected downturn in its Services business due to the cessation of the Group's largest Managed Services contract which impacted from H2 2020. This has resulted in an 8.5 per cent decrease in organic revenues on a constant currency[2] basis, decreasing gross profits and a reduction in overall adjusted[1] operating profit from €4.3 million to a loss of €2.3 million including the results of the Computacenter NS acquisition.
- North America has seen strong organic revenue growth of 18.1 per cent increasing to 164.7 including the Pivot acquisition, both on a constant currency[2] basis. The combined growth has meant that, during the first half of the year, the North American business had the largest Technology Sourcing revenues of any Segment within the Group with over $1.2 billion of Technology Sourcing sales, up from virtually nil in H1 2018. The hyperscale FusionStorm customers and mid-market clients of Pivot both saw a good return to growth in the period. Services revenue saw modest improvements in revenue organically with the Pivot acquisition contributing a further $43.5 million of Services revenue in the period. Adjusted[1] operating profit, including the impact of Pivot, has increased from $6.0 million in H1 2020 to $25.9 million in H1 2021.

The Group has experienced significant operational impacts due to the COVID-19 pandemic during the period to 30 June 2021. All results in these Interim Report and Accounts include these COVID-19 impacts and no attempt has been made to adjust for or exclude these impacts whether they be positive or negative. Further information on the COVID-19 impacts on the Group, and our response, can be found within the Performance Review on pages 2 to 17. The continued adoption of the going concern basis by the Directors in the preparation of the Interim Condensed Consolidated Financial Statements is set out on page 32 in note 2 to the Interim Condensed Consolidated Financial Statements.

The result for the half-year has benefited from £541.9 million of revenue (H1 2020: nil), and £6.8 million of adjusted[1] profit before tax (H1 2020: nil), resulting from all acquisitions made since 1 January 2020. All figures reported throughout this Interim Report and Accounts include the results of these acquired entities. The results of these acquisitions are assumed to be excluded where narrative discussion refers to 'organic' growth in this Interim Report and Accounts.

A reconciliation to Group adjusted[1] measures is provided on page 19 of the Group Finance Director's review. Further details are provided in note 5 to the Interim Condensed Consolidated Financial Statements, Segment Information.

Some of the images that appear in this report were taken before COVID-19.

ENABLING SUCCESS BY BUILDING LONG-TERM TRUST

Our Purpose is enabling success by building long-term trust. This means enabling the success of our:

- customers, by helping them to navigate the complex digital environment and to Source, Transform and Manage their digital technology;
- people, by creating a business framework and culture, underpinned by strong values, which allows them to build rewarding careers;
- Technology Partners, by providing the scale, reach and stable infrastructure to successfully deploy their technologies; and
- communities, by acting responsibly and building a sustainable business.

If we do this, we will earn the trust and loyalty of our shareholders.

1. Adjusted operating profit or loss, adjusted net finance income or expense, adjusted profit or loss before tax, adjusted tax, adjusted profit or loss, adjusted earnings per share and adjusted diluted earnings per share are, as appropriate, each stated before: exceptional and other adjusting items including gains or losses on business acquisitions and disposals, amortisation of acquired intangibles, utilisation of deferred tax assets (where initial recognition was as an exceptional item or a fair value adjustment on acquisition), and the related tax effect of these exceptional and other adjusting items, as Management do 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 on page 19 of the Group Finance Director's Review which details the impact of exceptional and other adjusted items when compared to the non-Generally Accepted Accounting Practice financial measures in addition to those reported in accordance with IFRS. Further detail is provided within note 5 to the Interim Condensed Consolidated Financial Statements, Segment Information.

2. We evaluate the long-term performance and trends within our Strategic Priorities on a constant currency basis. Further, the performance of the Group and its overseas Segments are shown, where indicated, in constant currency. The constant currency presentation, which is a non-GAAP measure, excludes the impact of fluctuations in foreign currency exchange rates. We believe providing constant currency information gives valuable supplemental detail regarding our results of operations, consistent with how we evaluate our performance. We calculate constant currency percentages by converting our prior-period local currency financial results using the current period average exchange rates and comparing these recalculated amounts to our current period results or by presenting the results in the equivalent local currency amounts. Wherever the performance of the Group, or its overseas Segments, are presented in constant currency, or equivalent local currency amounts, the equivalent prior-period measure is also presented in the reported pound sterling equivalent using the exchange rates prevailing at the time. 2021 interim highlights, as shown on page 2, are provided in the reported pound sterling equivalent.

3. Adjusted net funds or adjusted net debt includes cash and cash equivalents, other short or long-term borrowings and current asset investments. Following the adoption of IFRS 16 this measure excludes all lease liabilities. A table reconciling this measure, including the impact of lease liabilities, is provided within note 13 to the Interim Condensed Consolidated Financial Statements, Analysis of Changes in Net Funds.

ENABLING SUCCESS BY

BUILDING LONG-TERM TRUST

This is the first time that the Group has exceeded £3 billion of revenues in a six-month period and first half revenues are higher than any of the annual revenues recorded by the Group prior to and including 2016.

Mike Norris
Chief Executive Officer

GROUP

Revenue £m **+29.2%**

3,180.0

Adjusted[1] profit before tax £m **+59.4%**

118.9

Financial performance
The six months of trading to 30 June 2021, as reported in this Interim Report and Accounts, demonstrate the resilience of the Computacenter business model, which is built on the three primary business lines of Technology Sourcing, Professional Services and Managed Services.

The Group's revenues increased by 29.2 per cent to £3,180.0 million (H1 2020: £2,462.2 million) and were 31.4 per cent higher in constant currency[2]. This is the first time that the Group has exceeded £3 billion of revenues in a six-month period and first half revenues are higher than any of the annual revenues recorded by the Group prior to and including 2016.

The Group made a profit before tax of £115.2 million, an increase of 59.1 per cent (H1 2020: £72.4 million). The Group's adjusted[1] profit before tax increased by 59.4 per cent to £118.9 million (H1 2020: £74.6 million) and by 61.1 per cent in constant currency[2]. This result for the first half of the year is greater than any full year profit made by the Group prior to 2019 and would be the third largest annual profit in the history of the Group.

The difference between profit before tax and adjusted[1] profit before tax relates to the Group's net charge of £3.7 million (H1 2020: charge of £2.2 million) from exceptional and other adjusting items. This difference is the amortisation of the acquired intangible assets resulting from the Group's 2018 acquisition of FusionStorm and the H2 2020 acquisition of Pivot which has driven the period on period increase. Further information on these can be found on page 21.

With the increase in the Group's profit after tax, the diluted earnings per share ('EPS') increased by 56.1 per cent to 70.7 pence for the period (H1 2020: 45.3 pence). Adjusted[1] diluted EPS, the Group's primary EPS measure, increased by 56.5 per cent to 73.1 pence (H1 2020: 46.7 pence) in the first half of 2021.

The result has benefited from £541.9 million of revenue (H1 2020: nil), and £6.8 million of adjusted[1] profit before tax (H1 2020: nil), resulting from all acquisitions made since 1 January 2020. All figures reported throughout this Interim Report and Accounts include the results of these acquired entities.

Excluding the impact of the acquisitions made since 1 January 2020, revenues grew organically by 9.0 per cent on a constant currency[2] basis.

Trading across all of our major geographies, apart from France, was pleasing throughout the period with significant strength at the end of the second quarter with June 2021 being the most profitable month in the Group's history. The Group has seen increasing levels of business returning from key industrial customers, some of which were largely suppressed during 2020. This is coupled with ongoing public sector spend and has created significant organic revenue growth for the Group.

Similar to the situation in 2020, we continued to benefit from cost savings, however, there has been no further pandemic-related surge in spend on Technology Sourcing as compared to the prior period. The Group received c £0.6 million in government employment related assistance during the period entirely related to the Group's Belgian operations. No other government assistance has been received in any other jurisdiction during the period, including the UK. The period saw continuing challenges from operating in a COVID-19 environment, with most of our major geographies continuing to experience lockdowns or restrictions on office-based working during the period. The vast majority of our staff worked from home during the period, however we were generally able to perform services on customer sites as required. We thank all of employees for the flexibility and dedication they have shown to cope with this changing environment.

Revenues from public sector customers, such as local and central government, increased by approximately 27.1 per cent, as compared to the increase seen in non-public sector customers of 30.1 per cent. Public sector accounts have grown slightly less due to the rebound in business from industrial customers in the period. Public sector now accounts for 30.6 per cent of our revenues (H1 2020: 31.1 per cent). Whilst significant volumes of this public sector business were at lower than normal margins, particularly through the first quarter of the year, we are pleased that we maintained efficiencies and reduced costs within the business delivery areas, such that margins showed a slight rise overall. Our other European operations, with a much greater share of private sector revenue, have also seen good growth as the non-public sector accounts have started to return to normal levels of trading.

Product shortages have materially impacted supply of key technologies for our customers. In some instances, these shortages have resulted in orders being delayed into the second half of the year, restricting revenues and profitability in the period as a result. Further, as certain orders are part-filled with available products, inventory levels have risen across the business, particularly in North America, to £254.4 million as at 30 June 2021 (30 June 2020: £153.2 million), with £53.7 million of the period-end balance arising in Pivot. This has led to temporary working capital related operating cash outflows. We have also seen substantial indications that suggests a number of large hyperscale customers have pulled forward orders that were due to be placed in the second half of the year into the first half in order to secure product in advance of when it is required. This has pulled forward revenues and profitability into the first half of the year that would otherwise have been recorded later in the year and exacerbated inventory levels on unfulfilled orders. However whilst supply has been restricted, demand has continued to rise substantially with our product order backlogs, across all geographies, at a record high which gives us a high degree of comfort that once supply of key components is restored, the Technology Sourcing business will be well placed to benefit further from the pent-up demand. Supply of key components is hoped to improve by the end of the year, however the return of product availability will most likely not be consistent across the Group with those segments with naturally larger overall market presences able to command an earlier supply with greater volumes than those jurisdictions where our operations are proportionately smaller to the size of the local Technology Sourcing market.

Whilst the Group has seen significant currency translation headwinds as the pound sterling has strengthened against other currencies, particularly the US Dollar and the Euro, which has reduced profitability in the period. Further information on currency impacts is available on page 24 of this Interim Report and Accounts. This impact has been mostly offset by the Group benefiting from circa £3 million of net mark-to-market gains on forward currency contracts over the period. These gains are on contracts taken out to hedge currency movement on significant foreign exchange flows across the Group.

We do however remain concerned about product shortages within the industry and obviously further strengthening of the pound would create a stronger FX translation headwind, but we hope that we are at the peak of both of these events and therefore do not anticipate either of these headwinds to get any worse in the short term. These near-term shortages of product have seen increases in prices from vendors in response to demand outstripping the somewhat scarce supply.

In markets where we operate at scale, notably the UK and Germany, we have been able to leverage our world-class Integration Centers. The UK in particular has continued to operate well-beyond normal operating capacities, primarily during the first quarter of the year, thereby proving ourselves as one of the few resellers that can rapidly react to serve a broad range of new and existing customers' needs as they continue to look to technology as the key to sustaining their businesses through and beyond the COVID-19 emergency.

The UK, in particular, has seen very strong demand within public sector during Q1 that has been supported by a return of private sector customers, particularly industrials, in the second quarter of the year. Professional Services growth has surged as customers look to restart delayed projects or continue to invest in their transformation journeys.

The German business has seen similar patterns to the UK business, albeit in greater quantum. The Professional Services business in Germany has once again grown spectacularly against a very strong comparative period. This business remains one of the key drivers for the Group as a whole and continues its growth trajectory year after year. Technology Sourcing has seen good growth as the large industrials, particularly automotive customers, return to normal trading patterns.

In the US business, the mid-market customers who materially reduced spend during H1 2020 returned during the period and, coupled with the continuing success in hyperscale data center-based customers, drove good overall organic revenue and profit performance. The addition of Pivot in the second-half of 2020 has further contributed to the Segment with a strong H1 2021 performance from the acquired business.

The French business had a disappointing first half of 2021, with reductions in Technology Sourcing performance compounding the impact of the previously announced loss of the Group's largest Managed Services contract. Whilst the integration of Computacenter NS remains on track, an adjusted[1] loss before tax in the acquired Computacenter NS business of £1.8 million during the period, which has performed as expected and in line with our forecasts, has also worsened further the overall French Segment result. As we have noted previously, we recorded an exceptional gain of £14.0 million which was recognised on consolidation of the subsidiary in the 2020 Annual Report and Accounts. The Company considers that the exceptional gain reflects the future losses that the acquired business will incur over the medium term, as it is brought onto a sustainable footing. The end of the half saw the French business strengthen with important orders returning in the Technology Sourcing business.

The International Segment has improved on 2020 with a good start to the year. All of the primary European trading entities saw improvements in trading with Belgium, Switzerland and the Netherlands all experiencing encouraging growth in both revenues and profitability.

With both organic and acquisitive revenues increasing during the period, margins and profits increased as costs remained suppressed across the Group as compared to pre-COVID-19 levels. Overall Group gross margins increased even further by 47 basis points to 13.4 per cent of revenues during the period (H1 2020: 12.9 per cent) and administrative expenses increased by 27.6 per cent in constant currency[2], when compared to the comparative period, a rate significantly behind the growth in adjusted[1] gross profit. Continued growth of good quality Technology Sourcing deals supporting pricing, and continued cost efficiencies when serving our customers across the Services business have benefited the result.

As the business continues to move to a more normal, yet altered, operational footing, with offices re-opening across our major geographies, we expect costs to return, but at a potentially permanently lower level than before the COVID-19 crisis as the business moves into the post-COVID environment having learned to be leaner and more efficient. We therefore continue to analyse and review individual cost reductions, to ensure that we only incur costs truly necessary for the performance of the Group.

Technology Sourcing performance

The Group's Technology Sourcing revenue increased by 32.4 per cent to £2,473.9 million (H1 2020: £1,867.8 million) and by 35.2 per cent on a constant currency[2] basis.

The overall Technology Sourcing result benefited from £479.1 million of revenue resulting from the acquisitions made since 1 January 2020 (H1 2020: nil) with £472.5 million of this as a result of the Pivot acquisition. Excluding these revenues, Technology Sourcing organic revenue growth was 9.0 per cent over the prior period on a constant currency[2] basis.

The UK Technology Sourcing business saw continued excellent growth, with the focus moving from workplace contracts driven by the remote working needs of the COVID-19 working environment to the more margin-significant enterprise product space in the first quarter. The business was then impacted substantially by poor hardware product supply in the second quarter which was partially offset by large, lower-margin, software orders.

In Germany, Technology Sourcing revenue rebounded, in particular as automotive and other industrial customers increased spend through large framework agreements, given the COVID-19-related business challenges. This was complemented by continuing sales activity within the public sector, which built on the successes of the prior period.

The French Technology Sourcing revenue declined on an organic basis, but activity has increased substantially over the prior period with product shortages causing significant slippages in business that would have otherwise resulted in organic growth in the period. Private sector business is returning, albeit at a significantly slower pace than in our other major geographies.

The North American Technology Sourcing business saw revenues improve on an organic basis, excluding the impact of the Pivot acquisition. Whilst hyperscalers remained largely unaffected by the pandemic and have indeed increased the level of business seen before the COVID-19 crisis, the mid-market core of the business has started to return after a significant slowdown in 2020. The acquisition of Pivot adds substantial volumes to the business, with opportunities to reach a wider addressable market via more US locations and through complementary business lines with the legacy operations.

Overall Group Technology Sourcing margins increased 34 basis points during the first half of the year, when compared to the prior period, partially due to customer and product mix changes. Significant volume growth of low-margin workplace product sold through to the public sector in the first half of 2020 has been replaced by a bigger focus on enterprise product and assisted by the return of industrial customers.

Services performance

The Group's Services revenue increased by 18.8 per cent to £706.1 million (H1 2020: £594.4 million) and by 19.8 per cent on a constant currency[2] basis. Within this, Group Professional Services revenue increased by 38.3 per cent to £265.6 million (H1 2020: £192.0 million), and by 39.4 per cent on a constant currency[2] basis, whilst Group Managed Services revenue increased by 9.5 per cent to £440.5 million (H1 2020: £402.4 million), and by 10.5 per cent on a constant currency[2] basis.

The overall Services result benefited from £62.8 million of revenue from the acquisitions made since 1 January 2020 (H1 2020: nil). Excluding these revenues, Services organic revenue growth was 9.2 per cent over the prior period on a constant currency[2] basis.

UK Services revenue saw good growth, primarily due to a significant increase in Professional Services offset by a small decline in Managed Services, which was attributable to contract attrition and COVID-19 impacts in the first quarter. Professional Services has started the year very strong as customers re-engage with our consultancy expertise to assist their post-pandemic IT requirements. Managed Services is expected to strengthen through the year as we convert opportunities within the healthy pipeline into contracts and continue to look for efficiencies across the existing portfolio.

German Managed Services has grown strongly as customer volumes have returned to pre-COVID-19 levels with further contract wins offsetting reductions in the contract base elsewhere. The Professional Services business has seen extraordinarily strong growth, with continuing high levels of demand for our Professional Services skills. This included an increasing emphasis on material public sector framework contracts, which provides stability to revenue flows and utilisation rates. We continue to invest in on-shore and near-shore resources to support the growth path of the business.

Our French Services business saw further sharp falls in Services on an organic basis. The COVID-19 crisis continues to impact our Professional Services business with demand still well down compared to pre-pandemic levels. The French Professional Services business is more reliant on on-site activity than the equivalent businesses in the UK or Germany. These staff have now returned to work, and whilst the order book for consultancy returns to a more sustainable footing, revenues remain below expectations. The Managed Services business declined following the loss of a large global outsourcing contract at the end of the contract term in 2019 which did not impact revenues until the second half of 2020. The business remains positive about future opportunities as they slowly come back to market.

In North America, Professional Services revenue has recovered as COVID-19 related delayed projects restarted. Mid-market customers, which generate much of the Professional Services revenue in the USA, were the weakest business area during the pandemic and the downturn has now reversed.

Overall Group Services margins increased by 193 basis points during the period, when compared to the prior period. The continued reduction of travel costs, lower subcontractor costs and improved Professional Services utilisation coupled with improving Managed Services volumes have all contributed to this increase.

Outlook

Computacenter is 40 years old next month and our ability to adapt to an ever-changing market has been paramount to our continued success. This ability has been particularly prevalent over the last 18 months during the pandemic. The vast majority of our customers have returned to business as normal and, other than the reduction to our cost base due to the inability to travel and a continued improvement in the utilisation of our technical resources, COVID-19 is now having very little impact on our business. However, the ongoing supply shortages in the industry has risen to the top of our challenges. The effects on our business are difficult to fully quantify. While there has been, and will continue to be, pressure on our revenues, our position in the market as one of the larger players in most of the geographies in which we operate has enabled us to gain market share. While we look forward to the supply chain issues being behind us, we are not expecting this until well into 2022 but, as you can see by the performance in the first half, we are rising to this challenge.

As explained in our Trading Statement on 31 August 2021, while the second half of the year presents a more difficult comparison, the strength of our outlook means we will endeavour to beat last year's second half performance not just match it. Computacenter is therefore well set for our seventeenth year of uninterrupted earnings per share growth. Customer demand is strong, we have record order backlogs for both Technology Sourcing and Services, and we continue to push into new geographies and new markets both through acquisition and organic growth, all supported by our strong balance sheet.

We are confident the markets we serve will remain buoyant for the foreseeable future, and we believe that the range of service offerings we deliver have never been of such a high quality. We embrace the future with optimism and confidence.

UNITED KINGDOM

The pandemic continues to drive customer demand for Technology Sourcing.

Neil Hall
Managing Director, UK and Ireland

Members of the UK leadership team

Revenue £m **+9.4%**

939.5

Adjusted[1] operating profit £m **+12.6%**

51.7

Financial performance

Revenues in the UK business increased by 9.4 per cent per cent to £939.5 million (H1 2020: £858.8 million).

The UK business reported continued good growth of 10.0 per cent in Technology Sourcing revenues. Professional Services delivered a material revenue increase of 36.6 per cent, while Managed Services decreased slightly across the period as a whole but is showing positive momentum, with additional volume in existing customer contracts and the addition of new contracts.

Through 2021 to date we have continued to support our employees and our customers, and together we navigated the impact of the COVID-19 pandemic. We augmented our employee health and wellbeing initiatives for our people and exercised contract and commercial flexibility to meet the needs of our customers. The pandemic continues to drive customer demand for Technology Sourcing, although following a very strong year in 2020 the workplace business has declined during H1, in line with expectations. Enterprise product has shown good demand, including continued growth in the adoption of public cloud offerings. We have continued to inform and support our customers' digital transformation programmes, which span tactical initiatives through to strategic transformations, some of which have been accelerated by the pandemic. The product supply constraints that have prevailed since Q1 2020 have not eased during this period, and we expect this to continue to be a challenge throughout the remainder of the year in the UK.

We have seen continued strength in the public sector through Q1, with more normal trading levels in Q2. Many customers in the private sector have now returned to more normal spending patterns, which has meant growth in H1 especially with technology, media and telecommunications customers and some financial services customers. Customers in the travel and manufacturing industries are yet to return to normal spending levels, which we anticipate may continue beyond this year.

Our growth strategy in the UK is predicated on delivering for our existing customers and expanding into new customer relationships within our target market. Existing customers have taken new services from our portfolio, with more customers adopting public and hybrid cloud, for example. We have also seen growth in more traditional services such as maintenance, configuration and integration services within our customer base. In parallel we have successfully opened new customer relationships, which provides us with a very strong platform for growth over the coming periods and we are pleased with our progress to date.

Overall gross margins in the UK decreased slightly by 11 basis points, with total adjusted[1] gross profit decreasing to 14.2 per cent of revenues in (H1 2020: 14.3 per cent). Adjusted[1] gross profit grew by 8.6 per cent to £133.1 million (H1 2020: £122.6 million).

Administrative expenses increased by 6.1 per cent to £81.4 million (H1 2020: £76.7 million). We have maintained many of the COVID-19 related cost savings that arose last year, through continued reduction in travel and other costs. We remain focused on ensuring that these costs do not return to pre-pandemic levels. To support our growth plans, we have increased our salesforce by circa 70 people during the last 18 months, contributing to an increase in SG&A expenses. This investment is expected to generate returns over the coming years, enabling us to be engaged and relevant within a broader set of target customers. The early signs are promising, with a large number of new trading customers choosing Computacenter for their Technology Sourcing needs.

Adjusted[1] operating profit was 12.6 per cent higher at £51.7 million (H1 2020: £45.9 million).

Technology Sourcing performance
Technology Sourcing revenue increased by 10.0 per cent to £707.3 million (H1 2020: £643.2 million).

There was a shift in the Technology Sourcing revenue mix, as we expected. Following the significant growth in workplace technology sales last year, which were driven by the rapid migration to remote working for our customers' employees, we saw a decline in workplace revenues in the first half of 2021. Enterprise product has shown good growth in all areas, including security, network, server and storage. Many customers have also sought support with rationalising and transforming their complex software estates.

The pandemic-related worldwide shortage of product has encouraged some customers to place orders early. As a consequence, our product order backlog (orders received but not delivered) is presently at its highest in the last eight months.

The acquisition of Pivot in the US in 2020 is proving beneficial for our UK business, as anticipated. We are seeing a pleasing level of opportunity to support the UK subsidiaries of US customers, with our portfolio offering relevant services on an international scale.

Technology Sourcing margins reduced by 27 basis points compared to the first half of 2020 due to increasing, lower-margin, software sales and the lack of supply in certain higher-end product categories.

Services performance
Services revenue increased by 7.7 per cent to £232.2 million (H1 2020: £215.6 million). Professional Services grew by 36.6 per cent to £75.0 million (H1 2020: £54.9 million). Managed Services revenue was 2.2 per cent lower at £157.2 million (H1 2020: £160.7 million).

Our Professional Services business is seeing material growth, driven largely by our customers' digital transformation needs combined with additional requirements for consultancy and engineering to support their change and deployment initiatives. While our projects business has remained relatively flat during this period, the forward demand for skills to augment customer change programmes or run services has significantly increased.

Revenue in Managed Services was slightly down across the half, slowing the trend seen in recent years of declining revenues driven by customers benefiting from the efficiencies we have delivered. The business grew in the second quarter and the trend is positive going into the remainder of the year. We have successfully implemented the significant expansion of a contract with an existing telecommunications customer, which has transitioned to live service and is delivering in line with customer expectations.

We have been actively working on a significant pipeline in Managed Services during the first half of this year, and we look forward to maintaining the positive momentum in this area through new wins and the continuation of our very strong renewal rate.

Services margins increased by 62 basis points when compared to the prior period. This has been driven by service design changes implemented to secure longer-term contracts with many existing customers during the pandemic.

GERMANY

Our customer base has stabilised significantly, and in some industries, we have seen record increases in profitability. In particular, the automotive industry, which is important to us, is currently emerging from the crisis stronger than ever.

Reiner Louis
Managing Director, Germany

Members of the German leadership team

Revenue €m **+10.5%**

1,067.4

Adjusted[1] operating profit €m **+74.6%**

70.7

Financial performance

Total revenue increased by 10.5 per cent to €1,067.4 million (H1 2020: €966.4 million) and by 9.8 per cent in reported pound sterling equivalents[2].

In the first half of the financial year, we were able to build on the good results of the previous year and generate good top line growth and excellent overall results.

The period was shaped by the ongoing pandemic. Contrary to our assumptions at the end of last year, the restrictions on office working have remained significant. The Government has urged all companies to make maximum use of working from home, which we have implemented. This meant that during the period most of our employees were in remote working mode, which worked smoothly overall.

In our Technology Center in Kerpen, we continued to work in two strictly separate shifts until the middle of the year, so that we could move to an isolated shift in an emergency due to a potential worsening of the COVID-19 virus outbreak. At the start of the second half of the year, falling infection figures mean we can make more use of our offices and we will again increasingly rely on face-to-face meetings. Nevertheless, we will continue to give our employees the opportunity to work remotely for some time. For this purpose, we have concluded an agreement with the Company's German Works Council of local employee representatives, which gives us a high degree of flexibility.

Similar developments can also be seen with our customers, with many companies planning for greater use of remote working in the future. While the current level of remote working will not be the new norm, this does create the possibility for Computacenter to maintain a higher proportion of remote working. We will evaluate this development, as it will provide significant impetus for future work models, such as the greater use of nearshore and offshore locations.

From a macroeconomic perspective, our customer base has stabilised significantly, and in some industries, we have seen record increases in profitability. In particular, the automotive industry, which is important to us, is currently emerging from the crisis stronger than ever. However, it remains to be seen to what extent the ongoing microprocessor shortage will impact the automotive industry. In addition, we continue to see very strong demand in the public sector. This applies particularly to skills needed for the digital transformation of the federal and state authorities, but can also promote change at the municipal level, in cities and especially in the education and health sectors. We will focus closely on this continuously increasing demand and implement targeted measures and investments.

The industries that continue to suffer from the pandemic, such as tourism, hotel and restaurants, are only a limited part of our customer focus and have a negligible impact on our results.

What has certainly influenced our business in the first half, and will continue to affect us until at least the end of the year, is the shortage of many Technology Sourcing products. This particularly affects network and workplace lines of business, but we are also starting to see major problems in the supply of data center components. The current order backlog has been around 70 – 80 per cent above the average of recent years for several months.

Adjusted[1] gross profit grew by 25.7 per cent to €170.1 million (H1 2020: €135.3 million) and by 24.5 per cent in reported pound sterling equivalents[2]. Overall, margins in Germany increased by 187 basis points, with adjusted[1] gross profit increasing from 14.0 per cent to 15.9 per cent of revenues.

The result was the consequence of the growing Technology Sourcing business with good and slightly increased margins, and a Professional Services business with stable margins, which continued to grow at a double-digit rate. In addition, we were able to achieve a good margin improvement in our Managed Services business. This reflects the success of the measures taken to stabilise and improve critical contracts, as well as an increase in efficiency in some existing contracts.

Administrative expenses increased by 4.9 per cent to €99.4 million (H1 2020: €94.8 million), and by 4.2 per cent in reported pound sterling equivalents[2].

Our indirect costs reflect a planned increase in personnel costs. This is due partly to higher commissions resulting from the increased total contribution, and partly to the expansion of the sales force as a central element of our growth initiative. Travel and event costs are at a consistently low level we expect a slight increase in Q4 at the earliest.

Adjusted[1] operating profit for the German business increased by 74.6 per cent to €70.7 million (H1 2020: €40.5 million) and by 71.6 per cent in reported pound sterling equivalents[2].

Technology Sourcing performance

Technology Sourcing revenue increased by 8.2 per cent to €709.2 million (H1 2020: €655.3 million) and by 7.6 per cent in reported pound sterling equivalents[2].

Technology Sourcing margins remained strong and were up by 40 basis points over the same period last year and continue to lead the Group.

As mentioned, we recorded a significant increase in sales, in line with our plan. The growth was mainly recorded in our workplace and networking business. The data center business was roughly at the previous year's level. We also slightly improved margins, especially in our security and networking business.

From the customer segmentation point of view, we have again grown revenues in the public sector, and the automotive industry has also contributed to growth. In addition, we have succeeded in renewing some essential framework agreements, especially in the areas listed above.

The business is currently experiencing availability problems from manufacturers, which can lead to delayed delivery times of up to three to six months. Under normal conditions, our sales growth would have been even stronger in the first half of the year. We currently have a very high order backlog and assume that problems with product delivery delays will, whilst starting to improve, continue until at least the end of the year.

Services performance

Services revenue grew by 15.1 per cent to €358.2 million (H1 2020: €311.1 million) and by 14.5 per cent in reported pound sterling equivalents[2]. This included Professional Services growth of 20.7 per cent to €156.2 million (H1 2020: €129.4 million), an increase of 19.8 per cent in reported pound sterling equivalents[2], and a Managed Services increase of 11.2 per cent to €202.0 million (H1 2020: €181.7 million), an increase of 10.7 per cent in reported pound sterling equivalents[2].

We achieved good growth in Services and a significant improvement in gross margin in both Professional Services and Managed Services.

The Professional Services business experienced sustained high demand from existing framework agreements, as well as some new orders, particularly for technology and transition projects. We see increased demand from public sector clients, as well as an increasing need to cover the global requirements of our international customers. In addition, we benefited from disproportionate growth in the area of application development and support for our customers. Going forward, we will benefit from our nearshore capacities in Cluj, Romania, which we launched in the second quarter of 2021.

In order to meet the increasing demand for resources, we have decided to invest in the expansion of our consulting and engineering capacity and are planning up to 400 additional hires in these two areas by the end of Q1 2022. We will also intensify activities in the nearshore and offshore locations.

Within Managed Services, in contrast to the Professional Services business, we see a stagnating overall market with primarily global-scale competitors. Notwithstanding the overall outlook we have had some success in our Managed Services business. The first half of the year saw good growth, driven by three new contracts and somewhat stronger existing business.

Three medium-sized contracts could not be renewed and will expire by the end of the year. On the other hand, we have succeeded in extending and increasing the value one of our largest workplace contracts in the automotive sector for a further five years.

The pipeline is currently characterized by a mix of other renewals as well as opportunities that, if we can successfully conclude them, would lead to additional growth.

On the earnings side, we generated good margin improvement compared to the same period last year and previous years. This was mainly the result of our continued success in stabilising and improving critical contracts and the successful implementation of the new contracts won.

Services margins increased by 440 basis points over the period.

FRANCE

We are delighted to announce that we have recently won two Managed Services contracts, with a combined annual contract value for a full year of €4.5 million, which will deliver solid contributions after the transition phase.

Lieven Bergmans
Managing Director, France

Members of the French leadership team

Revenue €m **+4.0%**

360.4

Adjusted[1] operating loss €m **-153.5%**

2.3

Financial performance

Total revenue increased by 4.0 per cent to €360.4 million (H1 2020: €346.5 million). In reported pound sterling equivalents[2], total revenue was up by 2.9 per cent.

On 2 November 2020, we completed the acquisition of BT's domestic Services operations in France. This subsidiary has been renamed Computacenter NS. Our first half results therefore include the financial performance of Computacenter NS, which was not the case in H1 2020.

The acquired business, Computacenter NS, recorded revenues of €43.2 million with an adjusted[1] operating loss of €2.3 million, which was broadly in line with our plan for the first half of the year. It is important to note that we recorded an exceptional gain of £14.0 million on acquisition of the business in 2020 arising from a payment from the vendor that was primarily to compensate for future losses. Under IFRS it is not possible to allocate the exceptional gain against future incurred operating losses, but it is important to note when considering the commercial context of the Computacenter NS performance and our short to medium-term expectations for the business.

Excluding the revenues earned within Computacenter NS, the Computacenter France total revenue declined by 8.5 per cent to €317.2 million.

The first half of 2021 was an unusual period for our French business. The COVID-19 pandemic continued to affect Services volumes as much of our service delivery relies on customer onsite delivery and we were also confronted with the challenge of worldwide component shortages and corresponding delivery issues in Technology Sourcing. This shortage is an issue for all countries, but we believe our French business has been more affected, as it is focused on workplace solutions, an area that was harder hit by these shortages.

We have focused on integrating the Computacenter NS business, strengthening our capabilities in our Digital Connect and

Digital Trust offerings. Our priority was to integrate our sales teams. We have worked hard to train our staff, so they are familiar with our extended capabilities around networking and security. Whilst it is too early to draw conclusions, we are pleased with the pipeline of opportunities we have generated in our common customer base. In addition to the sales integration, we are working intensively to integrate our back-office processes and define our long-term strategy for further integrating our operations.

Overall adjusted[1] gross profit increased by 6.8 per cent to €37.8 million (H1 2020: €35.4 million) and by 5.5 per cent in reported pound sterling equivalents[2]. Excluding the €5.6 million of adjusted[1] gross profit earned within Computacenter NS, the Computacenter France adjusted[1] gross profit decreased by 9.0 per cent to €32.2 million.

Overall, margins in France increased by 26 basis points, with adjusted[1] gross profit increasing from 10.2 per cent to 10.5 per cent of revenues.

The decline in contribution was mainly due to the supply challenges in Technology Sourcing. Our Services business performed broadly in line with our expectations, taking into account the impact of a large global outsourcing contract that was lost in 2019 and phased out in the first half of 2020. As noted in our 2020 full year results, the Computacenter NS business was loss-making on acquisition and it therefore reduced our profit for H1 2021 as expected.

Over the last few years, we have recruited a significant number of sales specialists and business development managers. They support our ambitions to acquire a more significant market share in France in all areas of the business and to further develop the acquired portfolio of Computacenter NS services and solutions. This investment impacts on overall cost control.

Including Computacenter NS, administrative expenses increased by 28.9 per cent to €40.1 million (H1 2020: €31.1 million). Administrative expenses increased 27.5 per cent in reported pound sterling equivalents[2]. Excluding the €7.9 million of administrative expenses incurred by Computacenter NS, the Computacenter France administrative expenses increased by 3.5 per cent to €32.2 million.

Adjusted[1] operating profit for the French business decreased by 153.5 per cent to a loss of €2.3 million (H1 2020: profit of €4.3 million), and by 152.6 per cent in reported pound sterling equivalents[2]. Excluding the €2.3 million operating loss from the activities of Computacenter NS, the Computacenter France business made nil operating profit in H1 2021.

The significant decline is a combination of the weaker performance in our traditional business activities, primarily in Technology Sourcing, and the negative contribution from Computacenter NS noted above.

Technology Sourcing performance

Technology Sourcing revenue decreased by 2.8 per cent to €260.9 million (H1 2020: €268.3 million) and by 3.7 per cent in reported pound sterling equivalents[2]. Excluding the €7.5 million of Technology Sourcing revenues within Computacenter NS, the Computacenter France Technology Sourcing revenues decreased by 5.6 per cent to €253.4 million.

Despite a decline in revenues, it was a very busy first half in Technology Sourcing. The Technology Sourcing order backlog increased significantly during the period, due to the worldwide component shortages. If we had been able to ship all goods within normal timescales and thereby maintain a backorder position comparable with 2020, we would have generated good growth in organic Technology Sourcing revenues during the period.

In the private sector, we are still not reaching the same business volumes as before COVID-19 but we are pleased with the increased activity within our customer base, compared with a year ago. Our public sector business won or renewed a number of large framework contracts, which we are currently implementing. Meanwhile, revenues declined in the public sector, mainly due to supply challenges.

We believe that the worldwide shortages will remain a challenge in the second half of the year. Additionally, most of our technology partners have begun to indicate or announce price increases. We are staying in close contact with vendors and keeping our customers up-to-date in the most transparent way.

Technology Sourcing margins decreased by 49 basis points, excluding the impact of Computacenter NS, as the business saw a change in mix towards lower margin product following a reduction in large server orders from key customers.

Services performance

Services revenue increased by 27.2 per cent to €99.5 million (H1 2020: €78.2 million) and by 25.6 per cent in reported pound sterling equivalents[2]. Professional Services revenue increased by 35.6 per cent to €23.6 million (H1 2020: €17.4 million), which was an increase of 34.0 per cent in reported pound sterling equivalents[2]. Managed Services revenue increased by 24.8 per cent to €75.9 million (H1 2020: €60.8 million), an increase of 23.2 per cent in reported pound sterling equivalents[2].

Computacenter NS recorded Services revenues of €35.7 million comprising Professional Services revenues of €8.3 million and Managed Services revenues of €27.4 million.

Excluding the Services revenues within Computacenter NS, the Computacenter France Services revenues decreased by 18.4 per cent to €63.8 million. Professional Services revenue decreased 12.1 per cent to €15.3 million with Managed Services revenues decreasing by 20.2 per cent to €48.5 million.

As noted earlier, the main impact on Services revenue came from a global outsourcing contract that ended in the first half of 2020, which we therefore knew was going to cause a decline in revenues compared to last year. Additionally, the pandemic continued to cause lower activity in Professional Services, compared to the situation before COVID-19.

Despite the slight decline in revenues, our Professional Services business improved its bottom-line performance. This was mainly because the services we delivered were more specialised than in the same period last year and hence generated higher contributions.

At the start of the pandemic in 2020, many companies decided to postpone or even cancel their projects around new or renewed Managed Services opportunities. They have mostly restarted their campaigns and we are now facing a very healthy Managed Services pipeline, with our service design teams and sales specialists being very busy responding to these opportunities. We are delighted to announce that we have recently won two Managed Services contracts, with a combined annual contract value for a full year of €4.5 million, which will deliver solid contributions after the transition phase.

Computacenter's overall strategy of expanding its Services capabilities worldwide, combined with some good local references, make us confident that our legacy French operations can further gain market share in Managed Services. Together with the acquisition of Computacenter NS, this will help us to improve our mix of Services versus Technology Sourcing revenues and make our financial performance more sustainable over time.

Services margins increased by 128 basis points, excluding the impact of Computacenter NS.

NORTH AMERICA

The North American business had the largest Technology Sourcing revenues of any Segment within the Group with over $1.2 billion of Technology Sourcing sales, up from virtually nil in H1 2018.

Kevin Shank
President, North America

Members of the North American leadership team

Revenue $m **+164.7%**

1,263.5

Adjusted[1] operating profit $m **+331.7%**

25.9

During the second half of 2020, the Group completed the material acquisition of Pivot. This business was combined with our existing US Segment to create the North America Segment from 2 November 2020. The acquisition contributed $699.8 million of revenue and an adjusted[1] operating profit of $12.7 million in the six months of trading to 30 June 2021 and all results below reflect this result. The acquisition of Pivot has given us a platform to grow a sustainable and scalable business in North America, with real strength in Technology Sourcing and the ability to enhance our value to customers by expanding our Services capabilities.

Financial performance

Total revenue increased by 164.7 per cent to $1,263.5 million (H1 2020: $477.4 million). In reported pound sterling equivalents[2], total revenue was up 140.6 per cent.

Growth in North America was driven by the acquisition of Pivot. Organically, North American revenue was up 18.1 per cent and by 7.4 per cent in reported pound sterling equivalents[2], underpinned by the continued growth in hyperscale data center customers, as well as some increased spending by our mid-market customers, who were less active in H1 2020 primarily because of the COVID-19 pandemic. Overall, on an organic basis revenue was slightly ahead of forecast for the period, in both Technology Sourcing and Services.

Overall, margins in North America increased by 219 basis points, with adjusted[1] gross profit increasing from 8.2 per cent to 10.4 per cent of revenues.

The Technology Sourcing business increased its margin due to the acquisition of Pivot. Pivot's Technology Sourcing margins are approximately 230 basis points higher than the FusionStorm business, as its customer mix is not as focused on hyperscale customers, who tend to drive lower margins. Excluding Pivot, Technology Sourcing margins rose by 87 basis points, due to improved volumes through the Integration

Center driving better cost absorption, and better customer mix.

Professional Services margins improved compared to the prior period due to the acquisition of Pivot, as well as customer projects that were deferred due to COVID-19 starting to recover, which resulted in higher staff utilisation. Pivot's Professional Services margins are, on average, higher than the FusionStorm business, due to higher volume resulting in better utilisation across a larger Services organisation. Excluding Pivot, Professional Services margins rose, due to improved volumes driving employee utilisation. The Managed Services business reported lower margins year-on-year, due to a combination of customer mix and the acquisition of Pivot, whose Managed Services business is not operating at scale and is generating lower gross margins. Reported margins were ahead of expectations overall.

Overall adjusted[1] gross profit grew by 234.8 per cent to $130.9 million (H1 2020: $39.1 million) and by 205.2 per cent in reported pound sterling equivalents[2]. Excluding the $79.9 million of adjusted[1] gross profit earned by Pivot in the period, adjusted[1] gross profit grew organically by 30.4 per cent to $51.0 million.

Administrative expenses increased by 217.2 per cent to $105.0 million (H1 2020: $33.1 million), and by 188.5 per cent in reported pound sterling equivalents[2]. This was due to the acquisition of Pivot, which added $67.2 million of administrative expenses in the first half of 2021. Excluding Pivot, administrative expenses increased 14.2 per cent to $37.8 million. Increased variable remuneration due to the improved contribution, combined with investments to address the hyperscale growth, were partially offset by reduced travel costs due to COVID-19 and other decreases in administrative expenses.

Adjusted[1] operating profit for the North America business increased by 331.7 per cent to $25.9 million (H1 2020: $6.0 million), and by 297.9 per cent in reported pound sterling equivalents[2].

The increase in adjusted[1] operating profit was largely due to the acquisition of Pivot, which contributed $12.7 million of adjusted[1] operating profit in the first half of 2021. Excluding Pivot, North America's adjusted[1] operating profit was up by $7.2 million, or 120 per cent, to $13.2 million, as existing and new hyperscale customers continued to purchase in volume. The Integration Center continued to perform well in the first half of 2021, while operating expenses increased at a slower pace than the increase in gross profit.

Technology Sourcing performance

Technology Sourcing revenue increased by 158.5 per cent to $1,209.1 million (H1 2020: $467.7 million) and by 135.1 per cent in reported pound sterling equivalents[2].

The addition of Pivot resulted in significant growth in our Technology Sourcing business. Pivot contributed $656.3 million of Technology Sourcing revenue in the period. Excluding Pivot, Technology Sourcing revenue increased by 18.2 per cent, as hyperscale customers have increased spending.

Compared to the same period in 2020, we saw a similar technology spending mix amongst major partners and technologies, particularly in the data center and networking lines of business. We currently have a very high order backlog which no doubt has been impacted by the well-publicised supply chain shortages. This supply shortage has also resulted in high inventory levels which in the FusionStorm business have increased by 147.4 per cent to $137.3 million compared to the same time last year (as at 30 June 2020: $55.5 million). We believe that some hyperscale customers have ordered in advance of the normal demand profile which may have an implication for the strength of the second half of the year.

We benefited from significant continuing investments by our customers, as they digitise their operations and modernise their infrastructure. We continue to see customers seeking to simplify their operations by consolidating to fewer suppliers, resulting in long-term commitments and larger transactions. By adding the Pivot volume, driving consistent supply chain via consolidation and process integration remain powerful value propositions for our target customers.

North America Technology Sourcing margins improved by 87 basis points on an organic basis over the same period last year, excluding the impact of the Pivot acquisition as a result of a number of activities to improve the underlying efficiency and effectiveness of the business, while efficiencies due to higher volumes in our Integration Center also improved margins. The addition of Pivot further improved margins by 123 basis points for a combined overall improvement of 210 basis points. A bright spot remains our rack fabrication business, which is delivered from our new Integration Center and experienced a strong first half. We continue to see significant growth for our Integration Center projects, including complex distributed branch rollouts, as well as global data center build-out projects for our hyperscale customers.

Services performance

Services revenue increased by 460.8 per cent to $54.4 million (H1 2020: $9.7 million) and by 409.1 per cent in reported pound sterling equivalents[2]. Professional Services revenue increased by 542.4 per cent to $42.4 million (H1 2020: $6.6 million), which was an increase of 486.5 per cent in reported pound sterling equivalents[2]. Managed Services revenue increased by 287.1 per cent to $12.0 million (H1 2020: $3.1 million), which was an increase of 248.0 per cent in reported pound sterling equivalents[2].

Pivot recorded Services revenues of $43.5 million comprising Professional Services revenues of $34.6 million and Managed Services revenues of €8.9 million.

Excluding the Services revenues within Pivot, the North American Services revenues increased by 12.4 per cent to $10.9 million as project activity started to recover after customers delayed expected projects while they responded to COVID-19. Professional Services revenue increased 18.2 per cent to $7.8 million with Managed Services revenues flat at $3.1 million.

The overall Services performance was improved. Our pre-acquisition Professional Services business increased, recovering from a significant decrease in 2020 driven by COVID-19-related project delays or cancellations. The majority of the Professional Services business is with our mid-market customers and that segment was most affected by COVID-19.

Services margins improved by 169 basis points, excluding the impact of Pivot. The increased Services revenue allowed us to recover more of our fixed costs, therefore improving our margins.

INTERNATIONAL

We continued to invest in our sales capabilities and our capacity to deliver our complete Computacenter portfolio in all countries.

Lieven Bergmans
Managing Director, Rest of Europe

Members of the Rest of Europe leadership team – part of International

Revenue £m **+17.6%**

90.8

Adjusted[1] operating profit £m **+£3.9m**

4.1

The International Segment comprises a number of trading entities and offshore Global Service Desk delivery locations.

The trading entities include Computacenter Switzerland, Computacenter Belgium, Computacenter Netherlands and Computacenter Spain. In addition to their operational delivery capabilities, these entities have in-country sales organisations, which enable us to engage with local customers.

These trading entities are joined in the Segment by the offshore Global Service Desk entities in Spain, Malaysia, India, South Africa, Hungary, Poland, China and Mexico, and the Professional Services Centre of Excellence in Romania, which have limited external revenues as they charge the relevant Group subsidiaries for the services provided.

Financial performance

Revenues in the International business increased by 17.6 per cent to £90.8 million (H1 2020: £77.2 million) and by 19.0 per cent in constant currency[2].

Adjusted[1] gross profit increased by 19.7 per cent to £17.6 million (H1 2020: £14.7 million), and by 20.5 per cent in constant currency[2].

After a difficult first half in 2020, we are pleased with a significant performance improvement in the first six months of 2021.

The Belgian business's performance improved primarily thanks to project wins in the server, storage and networking segment, including both Technology Sourcing and Professional Services. Growth in our Managed Services segment has also picked up again.

Despite a difficult start to the year, our Swiss operation significantly improved its results over the six months, with better results in all business lines compared to last year. It is particularly encouraging to note the performance and healthy pipeline in Professional Services.

Our Dutch business was hit particularly hard by the COVID-19 crisis during the first half of 2020. We are pleased to see the team has found its way back to profitability in the first half of 2021. Additionally, in close cooperation with our UK entity, we have won an international Technology Sourcing and Services contract with a large international organisation in the petrochemical sector. Whilst much remains to be done, we saw the first contributions from this contract win in the period.

In early 2020, we started to build a sales team in Spain, with offices in Madrid and Barcelona. The local team focuses on developing a pipeline within Computacenter's target customer base and works closely with other Computacenter entities to identify opportunities in large international organisations with a presence in Spain, however progress has been slow to date. We have prepared our operations to be compliant with all the requirements for participating in public tenders in the Spanish market.

Administrative expenses decreased by 6.9 per cent to £13.5 million (H1 2020: £14.5 million) and by 6.3 per cent in constant currency[2].

We no longer benefit from any government support related to COVID-19, apart from in our Belgian operations, where we are able to cover COVID-19-related lack of utilisation impacting on personnel costs through extended local government COVID-related support.

Overall adjusted[1] operating profit increased by 1,950 per cent in both actual and constant currency[2] to £4.1 million (H1 2020: £0.2 million).

Over the past few years, we have been consistent in our strategy of considering the long term in all our operations. We therefore continued to invest in our sales capabilities and our capacity to deliver our complete Computacenter portfolio in all countries. After a difficult year in 2020, it is pleasing to see our investments start to deliver the expected growth in all operations. It is clear, however, that with our local investments supported by our international capability, we can gain more market share in the International Segment.

Technology Sourcing performance

Technology Sourcing revenue increased by 14.8 per cent to £53.5 million (H1 2020: £46.6 million) and by 15.8 per cent in constant currency[2].

In common with other countries, we suffered from the worldwide shortages of components and were not able to deliver all ordered goods within normal timescales. We expect this trend to continue for at least the rest of the year, combined with expected price increases. We have worked proactively with our customers in all countries to anticipate as much as possible the ongoing challenges.

However, our International Segment addresses a greater proportion of smaller customers and these customers are more willing to purchase standardised workplace equipment than large customers, who require a custom configuration for their business. We therefore have more opportunity to serve these customers faster as product becomes more readily available.

Our pipeline remains healthy for the rest of the year and we are confident we will be able to deliver good results, even in these difficult market conditions.

Technology Sourcing margins have decreased by 16 basis points as the product mix moved towards workplace equipment.

Services performance

Services revenue increased by 21.9 per cent to £37.3 million (H1 2020: £30.6 million) and by 23.9 per cent in constant currency[2].

Professional Services revenue increased by 17.6 per cent to £4.0 million (H1 2020: £3.4 million) and by 21.2 per cent in constant currency[2]. Managed Services revenue increased by 22.4 per cent to £33.3 million (H1 2020: £27.2 million), which was an increase of 24.3 per cent in constant currency[2].

Service revenues increased in all entities. In Belgium, we extended our main Managed Services contracts and secured sustainable contributions for the longer term. Our largest Managed Services contracts in Switzerland were reviewed in scope in 2020. We have now fully optimised our delivery model and identified project extensions in these contracts. Moreover, the continued effort by the presales teams to develop compelling infrastructure offers is starting to pay off, by means of a healthy project order book in Professional Services.

Our Dutch operations grew also in Services, although we see opportunity to grow even further by leveraging our international service capabilities for some of our large customers and by developing our Managed Services base, mainly in the private sector.

Services margins have increased by 38 basis points through continued portfolio efficiencies and increasing volumes.

ENABLING SUCCESS BY CONTINUED INVESTMENT

The revenue performance was driven through our biggest markets, the UK, Germany and North America, and was supported by increases in gross margins across all business lines.

Tony Conophy
Group Finance Director

In the first half of 2021, the Group benefited both from continued strong organic Technology Sourcing growth across the portfolio, apart from France, and the revenue increases from the acquisitions made in 2020. This growth was driven by strong public sector activity in the UK and Germany where the Group has deep relationships, by the return of the industrial enterprise sector in the UK and Germany as these large sectors returned to more normal spend patterns and expanded their requirements and through the rebound of the mid-market sectors in North America to complement the sustained growth seen in the hyperscale markets. Whilst the growth remains variable between customer segmentation and product lines as customers continue to react to immediate needs, we have also seen the resumption of longer-term IT transformations directing purchasing decisions. The resilience of the Technology Sourcing results over the last 18 months and the strong growth seen over that time and in the most recent period highlights that the spread of the customer base across multiple segmentations and geographies has created durability and sustainability within the business model.

The business model continued to show its strength with the Services performance continuing to underpin any potential variability within the otherwise excellent Technology Sourcing results. Professional Services in Germany continues its extraordinary recent track record with another excellent period of growth and has been joined by the UK which has also seen robust Professional Services growth.

Professional Services revenue continued its very strong and sustained growth pattern in Germany, with continuing high demand for our highly skilled people to work on digital transformation, cloud and security projects for customers. The German business remains the leader in this area for the Group and has seen demand continue to increase throughout the COVID-19 crisis. The UK Professional Services revenue saw a continuation of the significant rebound seen in the second half of 2020, as customers re-engaged on projects that were derailed by the COVID-19 crisis, whilst decreases were seen in France, mainly due to the ongoing impacts of COVID-19.

After a positive near-shore experience, we established a presence in Romania by starting a new company in Cluj-Napoca. Computacenter Romania is now a Professional Services Centre of Excellence for the Group, focused on providing agile application services including software development, application migration and

Reconciliation to adjusted[1] measures for the period ended 30 June 2021

	Interim results £'000	Adjustment Amortisation of acquired intangibles £'000	Adjusted[1] interim results £'000
Revenue	**3,180,023**	–	**3,180,023**
Cost of sales	**(2,754,749)**	–	**(2,754,749)**
Gross profit	**425,274**	–	**425,274**
Administrative expenses	**(306,539)**	3,725	**(302,814)**
Operating profit	**118,735**	3,725	**122,460**
Finance income	**227**	–	**227**
Finance costs	**(3,794)**	–	**(3,794)**
Profit before tax	**115,168**	3,725	**118,893**
Income tax expense	**(33,050)**	(992)	**(34,042)**
Profit for the period	**82,118**	2,733	**84,851**

Reconciliation to adjusted[1] measures for the period ended 30 June 2020

	Interim results £'000	Adjustment Amortisation of acquired intangibles £'000	Adjusted[1] interim results £'000
Revenue	**2,462,184**	–	**2,462,184**
Cost of sales	**(2,144,385)**	–	**(2,144,385)**
Gross profit	**317,799**	–	**317,799**
Administrative expenses	**(242,685)**	2,184	**(240,501)**
Operating profit	**75,114**	2,184	**77,298**
Finance income	**324**	–	**324**
Finance costs	**(3,030)**	–	**(3,030)**
Profit before tax	**72,408**	2,184	**74,592**
Income tax expense	**(20,394)**	(592)	**(20,986)**
Profit for the period	**52,014**	1,592	**53,606**

application support to customers in Germany and, in time, for all other countries across the Computacenter Group. We chose Cluj-Napoca because it is a dynamic center of IT talent and offers us a good standing point in the region with good German language capability. Our ambition is to gather a team of 500 professionals within Computacenter Romania to expand our Professional Services capacity and continue to capture the opportunities in this business line.

Managed Services saw strong revenue increases in Germany, North America and the International business, particularly as the top line, which was affected, in 2020, by a number of contracts which are based on price times quantity, rather than a fixed periodic fee, returned to growth as call volumes began to return to pre-pandemic levels and the field engineer workforce saw significant increases in activity as customer sites began to reopen. Margins remained healthy as we continued to enjoy significantly increased utilisation of our now remote working engineers, who no longer have to spend otherwise billable time travelling to customer sites, and a significant reduction in the use of external contractors. We expect both of these trends to continue in the short to medium term as more efficient ways of working have been proven to work for both the Group, our customers and our employees. Our French business suffered, on an organic basis, as the full effect of the loss of the Group's largest Managed Services contract impacted comparatively for the first time. The UK business saw a slight decline in revenues in the period but has made significant strides in building resilience into the contract base and the opportunity pipeline.

The business remains agile and innovative, enabling us to continue to adapt and support our customers in both the private and public sectors, as they continue to support a remote working IT environment whilst looking to the future of hybrid working and the complexity that can come with it.

The revenue performance was driven through our biggest markets, the UK, Germany and North America, and was supported by increases in gross margins across all business lines. This margin performance was due to a changed customer mix within Technology Sourcing with a move back to more profitable complex product lines and the ongoing reduction of expenses within costs of goods sold, benefiting both Technology Sourcing and the Services businesses. Whilst some of these costs, such as travel, fleet and contractors, will partially return as the Group goes back to its pre-COVID-19 mode of operation, we continue to manage this carefully within certain cost categories and therefore permanently lower the overall cost base.

As part of our climate changes initiatives we have committed to reduce travel emissions by 35 per cent in absolute terms from 2019 to 2025 and are implementing various initiatives to meet this commitment which will also help to retain much of the pandemic travel cost savings.

The Group result saw significant organic increases in adjusted[1] operating profit across the UK, Germany, North America and the International Segments, with a reduction in France the only blemish.

We acquired ITL Logistics GmbH 'ITL' on 30 April 2021, an IT logistics company that employees 80 people in three locations in Germany. ITL provides IT logistics services as well as IT services for large companies and public sector clients in Europe. Through the acquisition, Computacenter is expanding its IT logistics services and now operates its own IT logistics fleet with technical couriers who deliver and collect IT products across Europe. ITL logistics also operates small regional warehouses where IT products are held locally to meet customer service-level agreements. Computacenter intends to invest further in ITL logistics to strengthen its business in Europe.

The acquisition of Pivot and Computacenter NS on 2 November 2020 continues to add capability to the Group. Pivot increases the scale and breadth of our North American business, allowing us to serve a wider range of customers and products in more locations in the United States. Computacenter NS will, over time, enhance the network Services offering of our existing French business, improving our go-to-market propositions and aligning the business with our capabilities in Germany, albeit on a smaller scale. Much remains to be done to transform the business and bring it back to break-even and beyond. The integration of Pivot and Computacenter NS continues with significant projects underway to migrate to our Group ERP systems. In North America, FusionStorm completed this migration in early September 2021 and Pivot will follow in 2022. Having these entities on our leading ERP platform technologies and toolsets will further unlock their potential for growth and efficiencies.

Combined, these acquisitions added £541.9 million of revenue and £6.8 million of adjusted[1] profit before tax to the Group's H1 2021 results.

A reconciliation to adjusted[1] measures is provided on the previous page. Further details are provided in note 4 to the Interim Condensed Consolidated Financial Statements, adjusted measures. For the avoidance of duplication, further information on the Group's financial performance can be found on pages 2 to 17 of this Strategic Report.

Profit before tax

The Group's profit before tax for the period increased by 59.1 per cent to £115.2 million (H1 2020: £72.4 million). Adjusted[1] profit before tax increased by 59.4 per cent to £118.9 million (H1 2020: £74.6 million) and by 61.1 per cent in constant currency[2].

The difference between profit before tax and adjusted[1] profit before tax relates to the Group's net costs of £3.7 million (H1 2020: net costs of £2.2 million) from exceptional and other adjusting items, which is the amortisation of acquired intangibles as a result of the acquisition of FusionStorm on 30 September 2018 and Pivot on 2 November 2020. Further information on these items can be found on page 21.

The Group adopted IFRS 16 'Leases' from 1 January 2019, which has resulted in changes in accounting policies and adjustments to the amounts recognised in the Financial Statements, as disclosed in the 2019 Annual Report and Accounts. The current period results include an overall decrease in profit before tax of £1.7 million, including on an adjusted[1] basis, due to the impact of IFRS 16 (H1 2020: £1.0 million). The increase relates primarily to the onboarding of the leases present within the entities acquired since 1 July 2020.

Net finance charge

Net finance charge in the period amounted to £3.6 million (H1 2020: £2.7 million). The main items included within the net charge for the period are £2.7 million of interest charged on lease liabilities (H1 2020: £2.3 million) and £0.7 million for the Pivot facility (H1 2020: nil).

As there were no interest items excluded on an adjusted[1] basis, the adjusted[1] net finance charge was also £3.6 million during the period (H1 2020: £2.7 million).

Taxation

The tax charge was £33.1 million (H1 2020: £20.4 million) on profit before tax of £115.2 million (H1 2020: £72.4 million). This represents a tax rate of 28.7 per cent (H1 2020: 28.2 per cent).

The tax credit related to the amortisation of acquired intangibles was £0.9 million (H1 2020: £0.6 million). The £3.7 million of amortisation of intangible assets is a result of the recent North American acquisitions (H1 2020: £2.2 million). As the amortisation is recognised outside of our adjusted[1] profitability, the tax benefit on the amortisation is also reported outside of our adjusted[1] tax charge.

The adjusted[1] tax charge during the period was £34.0 million (H1 2020: £21.0 million), on an adjusted[1] profit before tax of £118.9 million (H1 2020: £74.6 million). The effective tax rate (ETR) was therefore 28.6 per cent (H1 2020: 28.1 per cent) on an adjusted[1] basis. The increase in the ETR was primarily due to the significant decrease in profitability in France, where historical tax losses are readily available for use and which offset some of the prior period charge. This has combined with increasing profits in Germany and the US which have higher local effective rates of taxation than the UK and the rest of the Group.

We expect that the ETR in 2021 will remain under upwards pressure, due to an increasing reweighting of the geographic split of adjusted[1] profit before tax away from the UK to Germany and the US, where tax rates are substantially higher, and also as governments across our primary jurisdictions come under fiscal and political pressure to increase corporation tax rates.

The table below reconciles the tax charge to the adjusted[1] tax charge for the period ended 30 June 2021.

	H1 2021 £'000	H1 2020 £'000	Year 2020 £'000
Tax charge	**33,050**	20,394	52,415
Adjustments to exclude:			
Exceptional tax items	**–**	–	715
Tax on amortisation of acquired intangibles	**992**	592	1,695
Tax on exceptional items	**–**	–	–
Adjusted[1] tax charge	**34,042**	20,986	54,825
ETR	**28.7%**	28.2%	25.4%
Adjusted[1] ETR	**28.6%**	28.1%	27.3%

Profit for the period

The profit for the period increased by 57.9 per cent to £82.1 million (H1 2020: £52.0 million). The adjusted[1] profit for the period increased by 58.4 per cent to £84.9 million (H1 2020: £53.6 million) and by 59.0 per cent in constant currency[2].

Exceptional and other adjusting items

The net loss from exceptional and other adjusting items in the period was £2.8 million (H1 2020: loss of £1.6 million). Excluding the tax items noted above, which resulted in a gain of £0.9 million (H1 2020: gain of £0.6 million), the profit before tax impact was a net loss from exceptional and other adjusting items of £3.7 million (H1 2020: loss of £2.2 million).

There were no exceptional items in the period to 30 June 2021 (H1 2020: nil).

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

The amortisation of acquired intangible assets was £3.7 million (H1 2020: £2.2 million), all related to the amortisation of the intangibles acquired as part of the recent North American acquisitions.

The acquisition of BT Services France on 2 November 2020 resulted in an exceptional gain of £14.0 million, which was recognised on consolidation of the subsidiary in the 2020 Annual Report and Accounts. The gain arose because the net assets acquired for consideration of €1 totalled £14.0 million after fair value adjustments, including £27.6 million of cash. The business acquired comprised BT's domestic French services operations which, on acquisition, was loss making on a stand-alone basis. The Company considers that the exceptional gain reflects the future losses that the acquired business will incur over the medium term, as it is brought onto a sustainable footing through a combination of upskilling employees, cross-selling into the Group's customers, alignment with Group processes and systems, and the general improvement of its operating activities. Where possible, future charges relating to this reconfiguration of the business will be disclosed separately to the Group's adjusted[1] results. This will mean that, over time, the future costs incurred can be attributed against the exceptional gain on acquisition recognised in the prior year. There have been no such costs incurred during the period to 30 June 2021.

Earnings per share

Diluted earnings per share increased by 56.1 per cent to 70.7 pence (H1 2020: 45.3 pence). Adjusted[1] diluted earnings per share increased by 56.5 per cent to 73.1 pence (H1 2020: 46.7 pence).

	H1 2021	H1 2020	Year 2020
Basic weighted average number of shares (excluding own shares held) (no.'000)	**112,977**	112,930	112,894
Effect of dilution:			
Share options	**2,766**	1,707	2,005
Diluted weighted average number of shares	**115,743**	114,637	114,899
Profit for the year attributable to equity holders of the Parent (£'000)	**81,870**	51,987	153,750
Basic earnings per share (pence)	**72.5**	46.0	136.2
Diluted earnings per share (pence)	**70.7**	45.3	133.8
Adjusted[1] profit for the period attributable to equity holders of the Parent (£'000)	**84,603**	53,579	145,284
Adjusted[1] basic earnings per share (pence)	**74.9**	47.4	128.7
Adjusted[1] diluted earnings per share (pence)	**73.1**	46.7	126.4

Dividend

We are pleased to announce an interim dividend of 16.9 pence per share (H1 2020: 12.3 pence per share). This is in line with our policy that the interim dividend will be approximately one third of the previous year's full dividend. The interim dividend will be paid on Friday 22 October 2021. The dividend record date is Friday 24 September 2021, and the shares will be marked ex-dividend on Thursday 23 September 2021.

Central Corporate Costs

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

Accordingly, these expenses are disclosed as a separate column, 'Central Corporate Costs', within the Segmental note. These costs are borne within the Computacenter (UK) Limited legal entity and have been removed for Segmental reporting and performance analysis, as they form part of the overall Group administrative expenses.

During the period, total Central Corporate Costs were £11.1 million, a decrease of 14.0 per cent (H1 2030: £12.9 million). Within this:

- Board expenses, related public company costs and costs associated with Group Executive members not aligned to a specific geographic trading entity increased to £4.1 million (H1 2020: £3.3 million) partially due to the Executive Directors and both Founder Non-Executive Directors waiving their salary and fee respectively in the second quarter of 2020;
- share-based payment charges associated with the Group Executive members identified above, including the Group Executive Directors, increased from £1.3 million in H1 2020 to £1.4 million in H1 2021, due to the increased cost of Computacenter plc ordinary shares and the overall increased performance of the Group; 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 decreased from £8.3 million in H1 2020 to £5.6 million in H1 2021, primarily due to reduced spend on projects that completed in the second half of 2020 and entered service with the Group and lower than planned spend on certain other projects which is expected to be incurred in the second half of 2021.

Cashflow

The Group delivered an operating cash inflow of £1.6 million for the period to 30 June 2021 (H1 2020: £44.7 million inflow).

As noted in the 2020 Interim Report and Accounts there were certain COVID-19 related one-off benefits included in the H1 2020 cashflow and net cash positions including extended free-of-charge supplier credit with a major vendor of approximately £29.2 million and temporary payment timing benefits from various governments of £22.2 million as well as improvements arising from customer mix. Most of these benefits had expired by 31 December 2020 and were material factors in the reduction in H1 2021 operating cash flow noted above, indeed the first half operating cash is usually impacted by a significant working capital increase as was the case in H1 2019 with an operating cash outflow of £1.1 million. There are other components of the working capital increase which are explained below. During the period, net operating cash outflows from working capital, including inventories, trade and other receivables and trade and other payables were £143.9 million (H1 2020: £55.5 million).

As noted in our 2020 Annual Report and Accounts the year-end cash position was abnormally high as a number of our customers paid ahead of normal payment cycles, partly, we believe, where overseas customers looked to avoid sometimes negative interest rates. This was exacerbated by a shift towards government customers during the year, resulting in improvements in cash collection as governments, particularly in Europe, have been settling debts as quickly as possible and well ahead of industry standard payment terms. Whilst the Group, in turn, paid a number of its suppliers early, to reduce the temporary excess cash on the balance sheet at the year end, the volume of early payments from customers received in the final days of the year was unprecedented. The Company estimated, broadly, that unforeseen receipts from customer payments in advance of the due date exceeded the Company's ability to pay its own suppliers early by roughly £50 million. These positions have largely wound out through the period and is reflected in the working capital movements seen.

Working capital cashflows have been further impacted by both the revenue growth over the period and the increased inventory levels seen, in particular within our North American business. Due to the significant product shortages seen in the first half of the year, a number of hyperscale customers have made advance orders of product with delayed delivery to ensure continuity of supply resulting. Further, a number of rack build orders were incomplete at the period end, sometimes due to shortages of smaller components required to complete the rack build. This has resulted in inventory levels increasing to £254.4 million as at 30 June 2021 (30 June 2020: £153.2 million), with £53.7 million present within Pivot as at 30 June 2021.

Net cash positions no longer included extended free-of-charge supplier credit with a major vendor as this temporary COVID-19 related arrangement was fully repaid during the period (31 December 2020: £15.0 million and 30 June 2020: £29.2 million).

Capital expenditure in the period was £11.1 million (H1 2020: £13.2 million) representing, primarily, investments in IT equipment and software tools, to enable us to deliver improved service to our customers.

The Group's Employee Benefit Trust ('EBT') made market purchases of the Company's ordinary shares of £20.3 million (H1 2020: nil) to satisfy maturing PSP awards and Sharesave schemes and to re-provision the EBT in advance of future maturities.

The Group repaid £93.3 million of loans and credit facilities during the period (H1 2020: £9.7 million) as we retired the facility associated with the FusionStorm acquisition, made regular repayments towards the loan related to the construction of the German headquarters in Kerpen and significantly reduced the amount drawn under the Pivot credit facility as detailed below.

The Group continued to manage its cash and working capital positions appropriately using standard mechanisms, to ensure that cash levels remained within expectations throughout the year. From time to time, some customers request credit terms longer than our standard of 30-60 days. In certain instances, we will arrange for the sale of the receivables on a true sale basis to a finance institution on the customers' behalf. We would typically receive funds on 45-day terms from the finance institution, who 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 2021 is £41.1 million (30 June 2020: £43.5 million, 31 December 2020: £38.9 million). The Group had no other debt factoring at the end of the period outside this normal course of business.

Cash and cash equivalents and net funds/(debt)

Cash and cash equivalents as at 30 June 2021 were £158.6 million, compared to £222.1 million at 30 June 2020. Cash and cash equivalents decreased by £151.2 million from £309.8 million as at 31 December 2020.

Net debt as at 30 June 2021 was £29.4 million, compared to net funds of £24.3 million as at 30 June 2020 and net funds of £51.2 million as at 31 December 2020.

Adjusted net funds[3] as at 30 June 2021 was £121.9 million, compared to adjusted net funds[3] of £149.1 million as at 30 June 2020 and adjusted net funds[3] of £188.7 million as at 31 December 2020.

Net (debt)/funds as at 30 June 2021, 30 June 2020 and 31 December 2020 were as follows:

	30 June 2021 £'000	30 June 2020 £'000	31 December 2020 £'000
Cash and short-term deposits	**164,227**	222,058	309,844
Bank overdraft	**(5,676)**	–	–
Cash and cash equivalents	**158,551**	222,058	309,844
Current asset investments	**–**	–	–
Bank loans	**(36,669)**	(72,949)	(121,194)
Adjusted net funds[3] (excluding lease liabilities)	**121,882**	149,109	188,650
Lease liabilities	**(151,232)**	(124,766)	(137,474)
Net (debt)/funds	**(29,350)**	24,343	51,176

For a full reconciliation of net debt and adjusted net funds[3], see note 13 to the Interim Condensed Consolidated Financial Statements, net funds.

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

The Group drew down a £100 million term loan on 1 October 2018 to complete the acquisition of FusionStorm. This loan was on a seven-year repayment cycle, with a renewal of the loan facility due on 30 September 2021. The Group has taken advantage of stronger than anticipated cash generation throughout 2020 to make further unplanned repayments of this loan during the period, in addition to the unplanned repayment of £30 million in the second half of 2019. As at 31 December 2020, £41.6 million remained of the loan (30 June 2020: £48.8 million) and the Group has now retired the credit facility by paying the remaining balance owing in full during the period.

Pivot has a $225.0 million senior secured asset-based revolving credit facility, from a lending group represented by JPMorgan Chase Bank, N.A. This can be used for revolving loans, letters of credit, protective advances, over advances, and swing line loans, and £58.4 million was drawn on the facility as at 31 December 2020. During the period, the Group has continued to reduce the amount drawn on the facility and only £8.3 million remained drawn as at 30 June 2021. In addition, Pivot has £10.5 million financed with a major IT vendor for hardware, software and resold vendor maintenance contracts that the Company has purchased as part of a contract to lease these items to a key North American customer.

The Group also has a specific term loan for the build and purchase of our German office headquarters and fit out of the Integration Center in Kerpen, which stood at £17.5 million at 30 June 2021 (30 June 2020: £23.9 million).

The Group excludes lease liabilities from its non-GAAP adjusted net funds[3] measure, due to the distorting effect of the capitalised lease liabilities on the Group's overall liquidity position under the IFRS 16 accounting standard.

There were no interest-bearing trade payables as at 30 June 2021 (30 June 2020: nil).

The Group's adjusted net funds[3] position contains no current asset investments (30 June 2020: nil).

Currency
The Group reports its results in pounds sterling. The recent strength in the value of sterling against most currencies during the first half of 2021, in particular the US Dollar, has begun to impact our revenues and profitability as a result of the conversion of our foreign earnings. However, the exchange rates seen during the period were not materially dissimilar to those seen in the first half of 2020.

Restating the first half of 2020 at 2021 exchange rates would decrease H1 2020 revenue by approximately £43.0 million and H1 2020 adjusted[1] profit before tax by approximately £0.8 million.

If the 30 June 2021 spot rates were to continue through the remainder of 2021, the impact of restating 2020 at 2021 exchange rates would be to decrease 2020 revenue by approximately £152.8 million and 2020 adjusted[1] profit before tax by approximately £5.7 million.

Principal risks and uncertainties
The Group's activities expose it to a variety of economic, financial, operational and regulatory risks. Our principal risks continue to be concentrated in the availability and resilience of systems, our people, our cost base, technology change, and in the design, entry into service and running of large Services contracts. The principal risks and uncertainties facing the Group are set out on pages 71 to 76 of the 2020 Annual Report and Accounts, a copy of which is available on the Group's website.

The Group's risk management approach and the principal risks, potential impacts and primary mitigating activities are unchanged from those set out in the 2020 Annual Report and Accounts. Our risk management approach operated effectively in the six months to 30 June 2021, with systems and controls functioning as designed even though this period included the unprecedented challenges imposed by the COVID-19 pandemic and the utilisation of previously well-tested business continuity processes for remote working arrangements. 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 nature of the pandemic and its impact on our operating environment in general, particularly in relation to our identified Strategic, Infrastructure and Financial Risks. The Group continues to concentrate efforts and resources into its risk management processes in order to monitor adequately the impact of COVID-19 across the business. Whilst the longer-term effects on customer relationships and customer contracts are not clear, to date, the Group has not been adversely impacted by any material market or operational risk events associated with the COVID-19 pandemic.

This Strategic Report was approved by the Board on 8 September 2021 and signed on its behalf by:

MJ Norris
Chief Executive Officer

FA Conophy
Group Finance Director

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.

Mike Norris	**Tony Conophy**
Chief Executive Officer	Group Finance Director

Independent Review Report
to the members of
Computacenter plc

Conclusion
We have been engaged by the company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2021 which comprises Consolidated Income Statement, Consolidated Statement of Comprehensive Income, Consolidated Balance Sheet, Consolidated Statement of Changes in Equity, Consolidated Cash Flow Statement and the related explanatory notes.

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 2021 is not prepared, in all material respects, in accordance with IAS 34 Interim Financial Reporting as adopted for use in the UK and the Disclosure Guidance and Transparency Rules ("the DTR") of the UK's Financial Conduct Authority ("the UK FCA").

Scope of review
We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410 Review of Interim Financial Information Performed by the Independent Auditor of the Entity issued by the Auditing Practices Board for use in the UK. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. We read the other information contained in the half-yearly financial report and consider whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

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.

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 the DTR of the UK FCA.

As disclosed in note 2, the latest annual financial statements of the Group were prepared in accordance with International Financial Reporting Standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union and in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 and the next annual financial statements will be prepared in accordance with UK-adopted international accounting standards. The directors are responsible for preparing the condensed set of financial statements included in the half-yearly financial report in accordance with IAS 34 as adopted for use in the UK.

Our responsibility
Our responsibility is to express to the company a conclusion on the condensed set of financial statements in the half-yearly financial report based on our review.

The purpose of our review work and to whom we owe our responsibilities
This report is made solely to the company in accordance with the terms of our engagement to assist the company in meeting the requirements of the DTR of the UK FCA. Our review has been undertaken so that we might state to the company those matters we are required to state to it in this 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 conclusions we have reached.

David Neale (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
15 Canada Square
London
E14 5GL
8 September 2021

Consolidated Income Statement

For the six months ended 30 June 2021

	Note	H1 2021 £'000	H1 2020 £'000	Year 2020 £'000
Revenue	5	**3,180,023**	2,462,184	5,441,258
Cost of sales		**(2,754,749)**	(2,144,385)	(4,720,717)
Gross profit		**425,274**	317,799	720,541
Administrative expenses		**(306,539)**	(242,685)	(522,054)
Operating profit		**118,735**	75,114	198,487
Gain on acquisition of a subsidiary		**–**	–	14,030
Finance income		**227**	324	475
Finance costs		**(3,794)**	(3,030)	(6,421)
Profit before tax		**115,168**	72,408	206,571
Income tax expense		**(33,050)**	(20,394)	(52,415)
Profit for the period/year		**82,118**	52,014	154,156
Attributable to:				
Equity holders of the Parent		**81,870**	51,987	153,750
Non-controlling interests		**248**	27	406
Profit for the period/year		**82,118**	52,014	154,156
Earnings per share:				
– basic for profit for the period/year	10	**72.5p**	46.0p	136.2p
– diluted for profit for the period/year	10	**70.7p**	45.3p	133.8p

The accompanying notes on pages 32 to 38 form an integral part of these condensed consolidated financial statements.

Consolidated Statement of Comprehensive Income

For the six months ended 30 June 2021

	H1 2021 £'000	H1 2020 £'000	Year 2020 £'000
Profit for the period/year	**82,118**	52,014	154,156
Items that may be reclassified to the Consolidated Income Statement:			
Gain/(loss) arising on cash flow hedge	**227**	(2,554)	(1,894)
Income tax effect	**(57)**	510	369
	170	(2,044)	(1,525)
Exchange differences on translation of foreign operations	**(10,331)**	24,079	3,217
	(10,161)	22,035	1,692
Items not to be reclassified to the Consolidated Income Statement:			
Remeasurement of defined benefit plan	**–**	–	(4,329)
Other comprehensive (expense)/income for the period/year, net of tax	**(10,161)**	22,035	(2,637)
Total comprehensive income for the period/year	**71,957**	74,049	151,519
Attributable to:			
Equity holders of the Parent	**71,751**	74,022	151,113
Non-controlling interests	**206**	27	406
Total comprehensive income for the period/year	**71,957**	74,049	151,519

The accompanying notes on pages 32 to 38 form an integral part of these condensed consolidated financial statements.

Consolidated Balance Sheet

As at 30 June 2021

	Note	H1 2021 £'000	H1 2020 £'000	Year 2020 £'000
Non-current assets				
Property, plant and equipment		**101,169**	104,382	106,974
Right-of-use assets		**141,922**	117,879	129,622
Intangible assets		**272,816**	180,560	274,732
Investment in associate		**49**	58	57
Deferred tax assets		**18,901**	10,303	10,876
Prepayments		**16,600**	4,231	23,605
		551,457	417,413	545,866
Current assets				
Inventories		**254,429**	153,214	211,279
Trade and other receivables	2	**1,069,643**	812,901	1,095,875
Income tax receivable	2	**9,565**	1,844	9,978
Prepayments		**112,550**	92,053	102,745
Accrued income		**142,843**	112,951	125,433
Derivative financial instruments		**3,212**	1,298	1,643
Cash and short-term deposits	13	**164,227**	222,058	309,844
		1,756,469	1,396,319	1,856,797
Total assets		**2,307,926**	1,813,732	2,402,663
Current liabilities				
Bank overdraft	13	**5,676**	–	–
Trade and other payables		**1,076,669**	797,303	1,116,741
Deferred income		**224,138**	179,969	273,947
Financial liabilities	13	**15,786**	20,067	105,475
Lease liabilities	13	**44,104**	38,649	41,683
Derivative financial instruments		**1,558**	1,924	5,066
Income tax payable	2	**49,581**	33,810	39,953
Provisions	14	**3,249**	4,564	4,132
		1,420,761	1,076,286	1,586,997
Non-current liabilities				
Financial liabilities	13	**20,883**	52,882	15,719
Lease liabilities	13	**107,128**	86,117	95,791
Deferred income		**11,715**	–	18,630
Provisions	14	**32,645**	15,280	35,730
Deferred tax liabilities		**23,940**	11,385	18,873
		196,311	165,664	184,743
Total liabilities		**1,617,072**	1,241,950	1,771,740
Net assets		**690,854**	571,782	630,923
Capital and reserves				
Issued share capital		**9,270**	9,270	9,270
Share premium		**3,942**	3,942	3,942
Capital redemption reserve		**74,957**	74,957	74,957
Own shares held		**(125,337)**	(107,876)	(111,613)
Translation and hedging reserve		**5,601**	36,063	15,720
Retained earnings		**719,091**	555,477	635,523
Shareholders' equity		**687,524**	571,833	627,799
Non-controlling interests		**3,330**	(51)	3,124
Total equity		**690,854**	571,782	630,923

Approved by the Board on 8 September 2021.

MJ Norris, Chief Executive Officer **FA Conophy,** Group Finance Director

The accompanying notes on pages 32 to 38 form an integral part of these condensed consolidated financial statements.

Consolidated Statement of Changes in Equity

For the six months ended 30 June 2021

	Attributable to equity holders of the Parent								
	Issued share capital £'000	Share premium £'000	Capital redemption reserve £'000	Own shares held £'000	Translation and hedging reserves £'000	Retained earnings £'000	Share-holder's equity £'000	Non-controlling interests £'000	Total equity £'000
At 1 January 2020	9,270	3,942	74,957	(113,563)	14,028	503,928	492,562	(78)	492,484
Profit for the period	–	–	–	–	–	51,987	51,987	27	52,014
Other comprehensive income	–	–	–	–	22,035	–	22,035	–	22,035
Total comprehensive income	–	–	–	–	22,035	51,987	74,022	27	74,049
Cost of share-based payments	–	–	–	–	–	3,799	3,799	–	3,799
Tax on share-based payments	–	–	–	–	–	417	417	–	417
Exercise of options	–	–	–	5,687	–	(4,654)	1,033	–	1,033
At 30 June 2020	9,270	3,942	74,957	(107,876)	36,063	555,477	571,833	(51)	571,782
Relating to acquisition of subsidiary	–	–	–	–	–	–	–	2,796	2,796
Profit for the period	–	–	–	–	–	101,763	101,763	379	102,142
Other comprehensive expense	–	–	–	–	(20,343)	(4,329)	(24,672)	–	(24,672)
Total comprehensive (expense)/income	–	–	–	–	(20,343)	97,434	77,091	379	77,470
Cost of share-based payments	–	–	–	–	–	4,155	4,155	–	4,155
Tax on share-based payments	–	–	–	–	–	2,973	2,973	–	2,973
Exercise of options	–	–	–	15,214	–	(10,573)	4,641	–	4,641
Purchase of own shares	–	–	–	(18,951)	–	–	(18,951)	–	(18,951)
Equity dividends	–	–	–	–	–	(13,943)	(13,943)	–	(13,943)
At 31 December 2020	**9,270**	**3,942**	**74,957**	**(111,613)**	**15,720**	**635,523**	**627,799**	**3,124**	**630,923**
Profit for the period	**–**	**–**	**–**	**–**	**–**	**81,870**	**81,870**	**248**	**82,118**
Other comprehensive expense	**–**	**–**	**–**	**–**	**(10,119)**	**–**	**(10,119)**	**(42)**	**(10,161)**
Total comprehensive (expense)/income	**–**	**–**	**–**	**–**	**(10,119)**	**81,870**	**71,751**	**206**	**71,957**
Cost of share-based payments	**–**	**–**	**–**	**–**	**–**	**4,567**	**4,567**	**–**	**4,567**
Tax on share-based payments	**–**	**–**	**–**	**–**	**–**	**2,259**	**2,259**	**–**	**2,259**
Exercise of options	**–**	**–**	**–**	**6,580**	**–**	**(5,110)**	**1,470**	**–**	**1,470**
Purchase of own shares	**–**	**–**	**–**	**(20,304)**	**–**	**–**	**(20,304)**	**–**	**(20,304)**
Asset reunification	**–**	**–**	**–**	**–**	**–**	**(18)**	**(18)**	**–**	**(18)**
At 30 June 2021	**9,270**	**3,942**	**74,957**	**(125,337)**	**5,601**	**719,091**	**687,524**	**3,330**	**690,854**

The accompanying notes on pages 32 to 38 form an integral part of these condensed consolidated financial statements.

Consolidated Cash Flow Statement

For the six months ended 30 June 2021

	H1 2021 £'000	H1 2020 £'000	Year 2020 £'000
Operating activities			
Profit before tax	**115,168**	72,408	206,571
Net finance cost	**3,567**	2,706	5,946
Depreciation of property, plant and equipment	**12,655**	11,368	24,033
Depreciation of right-of-use assets	**26,336**	22,182	45,154
Amortisation of intangible assets	**7,013**	5,712	14,635
Share-based payments	**4,564**	3,799	7,954
Loss on disposal of intangibles	**2**	7	321
Loss/(profit) on disposal of property, plant and equipment	**154**	(37)	200
Net cash flow from inventories	**(47,029)**	(23,251)	(50,448)
Net cash flow from trade and other receivables (including contract assets)	**(27,936)**	191,026	48,276
Net cash flow from trade and other payables (including contract liabilities)	**(68,901)**	(223,278)	(26,169)
Gain on acquisition of a subsidiary	**–**	–	(14,030)
Net cash flow from provisions	**(2,590)**	3,757	1,919
Other adjustments[1]	**800**	(5,549)	85
Cash generated from operations	**23,803**	60,850	264,447
Income taxes paid	**(22,252)**	(16,135)	(27,645)
Net cash flow from operating activities	**1,551**	44,715	236,802
Investing activities			
Interest received	**227**	490	475
Acquisition of subsidiaries, net of cash acquired	**(1,071)**	–	(30,095)
Purchases of property, plant and equipment	**(9,575)**	(11,210)	(23,141)
Purchases of intangible assets	**(7,927)**	(1,990)	(4,360)
Proceeds from disposal of property, plant and equipment/Intangibles	**194**	219	1,652
Net cash flow from investing activities	**(18,152)**	(12,491)	(55,469)
Financing activities			
Interest paid	**(1,117)**	(929)	(1,942)
Interest paid on lease liabilities	**(2,678)**	(2,267)	(4,479)
Dividends paid to equity shareholders of the Parent	**–**	–	(13,943)
Asset reunification	**(18)**	–	–
Proceeds from exercise of share options	**1,470**	1,033	5,674
Purchase of own shares	**(20,304)**	–	(18,951)
Repayment of loans and credit facility	**(93,314)**	(9,725)	(20,021)
Payment of capital element of lease liabilities[1]	**(24,646)**	(21,157)	(43,200)
New Borrowings – bank loan	**10,409**	287	289
Net cash flow from financing activities	**(130,198)**	(32,758)	(96,573)
(Decrease)/increase in cash and cash equivalents	**(146,799)**	(534)	84,760
Effect of exchange rates on cash and cash equivalents	**(4,494)**	4,711	7,203
Cash and cash equivalents at the beginning of the period/year	**309,844**	217,881	217,881
Cash and cash equivalents at the end of the period/year	**158,551**	222,058	309,844

1 Interest paid on lease liabilities of £2.3 million was included as part of 'Payment of Capital element of lease liabilities' in June 2020. The prior period comparative has been re-presented for this amount. This has also resulted in an adjustment to 'Other adjustments' of £2.3 million.

The accompanying notes on pages 32 to 38 form an integral part of these condensed consolidated financial statements.

Notes to the Consolidated Financial Statements

For the six months ended 30 June 2021

1 Corporate information

The Interim Condensed Consolidated Financial Statements (Financial Statements) of the Group for the six months ended 30 June 2021 were authorised for issue in accordance with a resolution of the Directors on 8 September 2021. The Consolidated Balance Sheet was signed on behalf of the Board by MJ Norris and FA Conophy.

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

2 Basis of preparation

The Financial Statements for the six months ended 30 June 2021 have been prepared in accordance with International Accounting Standard 34 'Interim Financial Reporting', as adopted by the United Kingdom. They do not include all of the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's 2020 Annual Report and Accounts which have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the United Kingdom. The interim condensed consolidated financial statements contained in this report are unaudited.

The Financial Statements are presented in pound sterling (£) and all values are rounded to the nearest thousand (£'000) 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 were approved by the Board. The first year of the Plan is subject to reforecasting during the year, the most recent of which occurred in advance of the Trading Update statement on 21 July 2021. This reforecast of the first year of the Plan has been updated into the Plan alongside a revision of cashflow assumptions for the year and a review of the second and third years of the Plan. The Plan is subject to rigorous downside sensitivity analysis which involves flexing a number of the main assumptions underlying the forecasts within the Plan. The forecast cash flows from the Plan are aggregated with the current position, to provide a total three-year cash position against which the impact of potential risks and uncertainties can be assessed. In the absence of significant external debt, the analysis also considers access to available committed and uncommitted finance facilities, the ability to raise new finance in most foreseeable market conditions and the ability to restrict dividend payments.

The Directors have identified a period of not less than 12 months as the appropriate period for the going concern assessment and have based their assessment on the relevant forecasts from the Plan for that period.

The potential impact of the principal risks and uncertainties, as set out on pages 71 to 76 of the of the 2020 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 mode future performance, solvency or liquidity over the assessment period and which are considered to be severe but reasonable scenarios. It also takes into account an assessment of how the risks are managed and the effectiveness of any mitigating actions.

For the current period, the primary downside sensitivity relates to a modelled, but not predicted, severe downturn in Group revenues, beginning in the second half of 2021, simulating a continued impact for some of our customers from the COVID-19 crisis together with the Group's revenues being impacted by supply shortages. This sensitivity analysis models a continued market downturn scenario for some of our customers whose businesses have been affected by COVID-19 and a similar downturn occurring for the remainder of our customer base alongside a further impact on the Group's Technology Sourcing revenues through the second half of 2021 from possible ongoing vendor-related supply shortage issues.

Our cash and borrowing capacity provides sufficient funds to meet the foreseeable needs of the Group. At 30 June 2021, the Group had cash and cash equivalents of £158.6 million and bank debt, primarily related to the recent North American acquisitions and the headquarters in Germany, of £42.3 million. In addition, the Group has a committed facility of £60.0 million, which was extended in September 2020 and has an expiry date of 7 September 2023. The Group has never drawn on this committed facility.

The Group has a resilient balance sheet position, with net assets of £690.9 million as at 30 June 2021. The Group made a profit after tax of £82.1 million and delivered net cash flows from operating activities of £1.6 million, for the period ended 30 June 2021. As the analysis continues to show a strong forecast cash position, even under the severe economic conditions modelled in the sensitivity scenarios, the Directors continue to consider that the Group is well placed to manage business and financial risks in the current economic environment. Based on this assessment, the Directors confirm that they have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the period of not less than 12 months from the date of signing this Interim Report and Accounts and therefore have prepared the Financial Statements on a going concern basis.

Consolidated Balance Sheet - As at 30 June 2020

Certain 'trade and other receivables' and 'income tax payable' balance in the prior period Consolidated Balance Sheet as at 30 June 2020 have been reclassified to income tax receivable, net totalling to £1.9 million and re-presented to conform with the presentation adopted as at 31 December 2020.

Consolidated Balance Sheet – As At 31 December 2020

As at 31 December 2020, certain items relating to an operating lessor arrangement within the newly acquired Pivot business were incorrectly presented on the balance sheet as follows:

- An amount of £11.7 million was incorrectly presented as accrued income of £2.6 million and non-current deferred costs, within prepayments, of £9.1 million rather than as property, plant and equipment of £2.6 million, intangibles assets – software of £4.3 million, accrued income of £1.1 million and non-current deferred costs, within prepayments, of £3.7 million.

- An amount of £11.1 million was incorrectly presented as current deferred income of £2.9 million and non-current deferred income of £8.2 million, rather than reflected as current financial liabilities of £2.2 million and non-current financial liabilities of £8.9 million.

Consolidated Cash Flow Statement for the year ended 31 December 2020
In relation to the above, the contract relating to the operating lessor arrangement was entered into prior to the acquisition of Pivot, therefore the impact to the Consolidated Cash Flow Statement is limited to £0.4 million of financing repayments being incorrectly presented. This outflow was recognised within net cash flow from trade and other payables within the operating cashflow caption, instead of as a repayment of loans and credit facility within the financing cashflow caption.

Management have decided not to correct the prior year-end presentation of the differences relating to the above items, as they have no impact on the Consolidated Income Statement for the year ended 31 December 2020 and individual reclassifications are either not significant compared to the overall amount in the Consolidated Balance Sheet and/or Consolidated Cash Flow Statement captions affected by the mis-presentation or to the Consolidated Balance Sheet or Consolidated Cash Flow Statement itself. The revision has no impact on the operating profit, profit for the period, assets and liabilities or cash flows for the period ended 30 June 2020, which is prior to the acquisition of the entity, or for the period ended 30 June 2021, where the correct accounting treatment has been adopted in the period.

3 Significant Accounting Policies

The accounting policies adopted are consistent with those of the previous financial year as disclosed in the Group's 2020 Annual Report and Accounts.

4 Adjusted measures

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

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

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

A reconciliation between key adjusted and statutory measures is provided on page 19 of the Group Finance Director 's Review 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 operating Segments remain unchanged from those reported at 31 December 2020. As noted on page 22, Central Corporate Costs continue to be disclosed as a separate column within the Segmental note.

Segmental performance for the periods to H1 2021, H1 2020 and Full Year 2020 were as follows:

Six months ended 30 June 2021

	UK £'000	Germany £'000	France £'000	North America £'000	International £'000	Central Corporate Costs £'000	Total £'000
Revenue							
Technology Sourcing revenue	707,303	615,525	226,659	870,934	53,536	–	**2,473,957**
Services revenue							
Professional Services	74,941	135,577	20,504	30,504	4,047	–	**265,573**
Managed Services	157,217	175,383	65,928	8,686	33,279	–	**440,493**
Total Services revenue	232,158	310,960	86,432	39,190	37,326	–	**706,066**
Total revenue	939,461	926,485	313,091	910,124	90,862	–	**3,180,023**

	UK £'000	Germany £'000	France £'000	North America £'000	International £'000	Central Corporate Costs £'000	Total £'000
Results							
Gross profit	133,053	147,508	32,830	94,257	17,626	–	**425,274**
Adjusted[1] administrative expenses	(81,365)	(86,361)	(34,822)	(75,588)	(13,541)	(11,137)	**(302,814)**
Adjusted[1] operating profit/(loss)	51,688	61,147	(1,992)	18,669	4,085	(11,137)	**122,460**
Net interest	(247)	(1,186)	(336)	(1,218)	(580)	–	**(3,567)**
Adjusted[1] profit/(loss) before tax	51,441	59,961	(2,328)	17,451	3,505	(11,137)	**118,893**
Amortisation of acquired intangibles							**(3,725)**
Profit before tax							**115,168**

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

Six months ended 30 June 2021

	Total £'000
Adjusted[1] operating profit	**122,460**
Amortisation of acquired intangibles	**(3,725)**
Operating profit	**118,735**

Six months ended 30 June 2020

	UK £'000	Germany £'000	France £'000	North America £'000	International £'000	Central Corporate Costs £'000	Total £'000
Revenue							
Technology Sourcing revenue	643,160	572,045	235,494	370,495	46,605	–	**1,867,799**
Services revenue							
Professional Services	54,893	113,186	15,325	5,203	3,390	–	**191,997**
Managed Services	160,689	158,481	53,521	2,462	27,235	–	**402,388**
Total Services revenue	215,582	271,667	68,846	7,665	30,625	–	**594,385**
Total revenue	858,742	843,712	304,340	378,160	77,230	–	**2,462,184**

Results							
Gross profit	122,626	118,456	31,060	30,921	14,736	–	**317,799**
Adjusted[1] administrative expenses	(76,689)	(82,901)	(27,263)	(26,216)	(14,567)	(12,865)	**(240,501)**
Adjusted[1] operating profit/(loss)	45,937	35,555	3,797	4,705	169	(12,865)	**77,298**
Net interest	(597)	(1,081)	(187)	(270)	(571)	–	**(2,706)**
Adjusted[1] profit/(loss) before tax	45,340	34,474	3,610	4,435	(402)	(12,865)	**74,592**
Amortisation of acquired intangibles							**(2,184)**
Profit before tax							**72,408**

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

Six months ended 30 June 2020

	Total £'000
Adjusted[1] operating profit	**77,298**
Amortisation of acquired intangibles	**(2,184)**
Operating profit	**75,114**

Year ended 31 December 2020

	UK £'000	Germany £'000	France £'000	North America £'000	International £'000	Central Corporate Costs £'000	Total £'000
Revenue							
Technology Sourcing revenue	1,328,049	1,297,444	526,436	917,654	110,501	–	**4,180,084**
Services revenue							
Professional Services	129,058	233,817	35,698	19,645	7,185	–	**425,403**
Managed Services	316,291	345,001	110,688	7,146	56,645	–	**835,771**
Total Services revenue	445,349	578,818	146,386	26,791	63,830	–	**1,261,174**
Total revenue	1,773,398	1,876,262	672,822	944,445	174,331	–	**5,441,258**

Results							
Gross profit	249,258	279,889	74,380	86,333	30,681	–	**720,541**
Adjusted[1] administrative expenses	(158,889)	(167,308)	(61,394)	(72,295)	(27,117)	(27,077)	**(514,080)**
Adjusted[1] operating profit/(loss)	90,369	112,581	12,986	14,038	3,564	(27,077)	**206,461**
Net interest	(1,194)	(2,158)	(575)	(909)	(1,110)	–	**(5,946)**
Adjusted[1] profit/(loss) before tax	89,175	110,423	12,411	13,129	2,454	(27,077)	**200,515**
Exceptional items:							
- costs relating to acquisition of a subsidiary							**(684)**
- redundancy and other restructuring credit							**144**
- gain on acquisition of subsidiary							**14,030**
Total exceptional items							**13,490**
Amortisation of acquired intangibles							**(7,434)**
Profit before tax							**206,571**

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

Year ended 31 December 2020

	Total £'000
Adjusted[1] operating profit	**206,461**
Amortisation of acquired intangibles	**(7,434)**
Exceptional items	**(540)**
Operating profit	**198,487**

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. In addition, the effect is compounded further by the tendency for the holiday entitlements of our employees to accrue during the first half of the year and to be utilised in the second half. The Company tempers the preceding guidance by noting that the impact of COVID-19 remains unpredictable and that the historical seasonality of operations could be materially impacted by changes in customer buying behaviour impacting the timing of sales volumes between the first and second halves of the year. We have seen further impacts to our historical seasonality of operations in the first half of 2021 due to the supply shortages in the information technology equipment that our customers require which has led to certain customers to pull forward orders into the first half of the year that would otherwise have naturally occurred in the second half of 2021.

7 Dividends paid and proposed

A final dividend for 2020 of 38.4 pence per ordinary share was paid on 02 July 2021. An interim dividend in respect of 2021 of 16.9 pence per ordinary share, amounting to a total dividend of £19.3 million, was declared by the Directors at their meeting on 7 September 2021. The expected payment date of the dividend declared is 22 October 2021. This Interim Report and Accounts does not reflect this dividend payable.

8 Income tax

Tax for the six-month period is charged at 28.7 per cent (six months ended 30 June 2020: 28.2 per cent; year ended 31 December 2020: 25.4 per cent), representing the best estimate of the average annual effective tax rate expected for the full year, applied to the pre-tax income of the six-month period.

9 Exceptional items

	H1 2021 £'000	H1 2020 £'000	Year 2020 £'000
Operating profit			
Costs relating to acquisition of a subsidiary	–	–	(684)
Gain on release of French Social Plan provision	–	–	144
Gain on acquisition of subsidiary	–	–	14,030
Exceptional operating profit	–	–	13,490
Profit on exceptional items after taxation	–	–	13,490
Income tax			
Tax relating to acquisition of a subsidiary	–	–	715
Profit on exceptional items after taxation	–	–	14,205

H1 2021 & H1 2020: There were no exceptional items reported within the H1 2021 and H1 2020 period.

YE 2020: Included are the following exceptional items:

- An exceptional cost during the year of £0.7 million resulted from the acquisition of Pivot and primarily related to fees paid to the Company's advisors. This cost is non-operational, unlikely to recur and is consistent with our prior-year treatment of acquisition costs on material transactions as exceptional items.
- A credit of £0.1 million arising on an expense previously put in exceptional costs within the financial statements of 2016 in relation to the 2014 French Social plan.
- The acquisition of BT Services France resulted in an exceptional gain of £14.0 million, which was recognised on consolidation of the subsidiary. The gain arose because the net assets acquired for consideration of €1 totalled £14.0 million after fair value adjustments, including £27.6 million of cash. Refer to note 18 d) of the Financial Statements for further information on the calculation of the exceptional gain on acquisition. The business acquired comprised BT's domestic French services operations which, on acquisition, were making considerable losses on a stand-alone basis. The Company considers that the exceptional gain reflects the future losses that the acquired business will incur over the medium term, as it is brought onto a sustainable footing through a combination of upskilling employees, cross-selling into the Group's customers, alignment with Group processes and systems, and the general improvement of its operating activities. These costs are non-operational in nature, material in size and unlikely to recur and have therefore been classified as exceptional.
- A further tax credit of £0.7 million was recorded due to post-acquisition activity in FusionStorm. This benefit derived from payments which were settled by the vendor, out of the consideration paid, via post-acquisition capital contributions to FusionStorm. As this credit was related to the acquisition and not operational activity within FusionStorm, is a one-off and material to the overall tax result, we have classified this as an exceptional tax item, consistent with the treatment in 2018 and 2019.

10 Earnings per share

Earnings per share ('EPS') amounts are calculated by dividing profit attributable to ordinary equity holders by the weighted average number of ordinary shares outstanding during the period (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 are considered to be dilutive potential shares.

	H1 2021 £'000	H1 2020 £'000	Year 2020 £'000
Profit attributable to equity holders of the Parent	**81,870**	51,987	153,750

	H1 2021 No.'000	H1 2020 No.'000	Year 2020 No.'000
Basic weighted average number of shares (excluding own shares held)	**112,977**	112,930	112,894
Effect of dilution:			
Share options	**2,766**	1,707	2,005
Diluted weighted average number of shares	**115,743**	114,637	114,899

	H1 2021 pence	H1 2020 pence	Year 2020 pence
Basic earnings per share	**72.5**	46.0	136.2
Diluted earnings per share	**70.7**	45.3	133.8

11 Investments

On 30 April 2021, the Group acquired 100 per cent of the voting shares of ITL logistics GmbH (ITL) for a consideration of €1.68 million. ITL is an IT logistics provider based in Germany. The acquisition has been accounted for using the purchase method of accounting.

Apart from customer relationship and order book intangibles, Cash and short-term deposits and credit facility, which has been finalised, the initial accounting for the acquisition of Pivot is still provisional at the date of finalisation of these Interim Condensed Consolidated Financial Statements based on Management's best estimates. The accounting in these areas remains provisional as certain areas, including working capital balances impacted by a disputed balance with a supplier, are still in the course of resolution.

Apart from the Customer relationship intangible and Cash and short-term deposits which has been finalised, the initial accounting for the acquisition of Computacenter NS is still provisional at the date of finalisation of these Interim Condensed Consolidated Financial Statements based on Management's best estimates. The accounting in these areas remains provisional as certain areas, including working capital balances impacted by ongoing negotiations, are still in the course of resolution.

The provisional fair values presented in the 2020 Annual Report and Accounts for the acquisitions of Pivot and Computacenter NS remain unchanged as at 30 June 2021.

12 Fair value measurements recognised in the consolidated Balance Sheet

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

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

At 30 June 2021 the Group had forward currency contracts, which were measured at Level 2 fair value subsequent to initial recognition, to the value of a net asset of £1,654,000 (30 June 2020: net liability of £626,000, 31 December 2020: net liability of £3,423,000). The net realised loss from forward currency contracts in the period to 30 June 2021 of £468,000 (30 June 2020: £2,363,000, 31 December 2020: £2,363,000) are offset by broadly equivalent realised losses/gains on the related underlying transactions.

At 30 June 2021 the Group had Interest rate swaps, which were measured at Level 2 fair value subsequent to initial recognition, to the value of a net asset of £10,000 (31 December 2020: net liability of £246,000).

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.

13 Net funds

	H1 2021 £'000	H1 2020 £'000	Year 2020 £'000
Cash and short-term deposits	**164,227**	222,058	309,844
Bank overdraft	**(5,676)**	–	–
Cash and cash equivalents	**158,551**	222,058	309,844
Bank loans/ Credit facility	**(36,669)**	(72,949)	(121,194)
Adjusted net funds[3] (excluding lease liabilities)	**121,882**	149,109	188,650
Lease liability	**(151,232)**	(124,766)	(137,474)
Net funds/(debt)	**(29,350)**	24,343	51,176
Bank loans /Credit facility	**(15,786)**	(20,067)	(105,475)
Lease liability	**(44,104)**	(38,649)	(41,683)
Financial liabilities – Current	**(59,890)**	(58,716)	(147,158)
Bank loans	**(20,883)**	(52,882)	(15,719)
Lease liability	**(107,128)**	(86,117)	(95,791)
Financial liabilities – Non-current	**(128,011)**	(138,999)	(111,510)

14 Provisions

	Customer contract provisions £'000	Retirement benefit obligation £'000	Property provisions £'000	Other provisions £'000	Total provisions £'000
At 1 January 2021	9,554	23,276	4,939	2,093	39,862
Amount unused reversed	(1,674)	–	–	–	(1,674)
Arising during the period	–	823	–	51	874
Utilised	(1,538)	–	(74)	–	(1,612)
Exchange adjustment	(317)	(1,109)	(29)	(101)	(1,556)
At 30 June 2021	**6,025**	**22,990**	**4,836**	**2,043**	**35,894**
Current	**2,135**	**–**	**1,049**	**65**	**3,249**
Non-current	**3,890**	**22,990**	**3,787**	**1,978**	**32,645**
	6,025	**22,990**	**4,836**	**2,043**	**35,894**

Customer contract provision
During the period £1.5 million of customer contract provisions had been utilised in line with individual contract forecasts.

15 Publication of non-statutory accounts

The financial information contained in the Interim Report and Accounts 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 2020 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.

Disclaimer: forward-looking statements

This Interim Report and Accounts 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 Interim Report and Accounts 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 Interim Report and Accounts. 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 Interim Report and Accounts, 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 this Interim 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 Interim Report and Accounts and may, and often do, differ materially from actual results. Any forward-looking statements in this Interim Report and Accounts 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.

Corporate information

Board of Directors
Peter Ryan (Non-Executive Chairman)
Mike Norris (Chief Executive Officer)
Tony Conophy (Group Finance Director)
Pauline Campbell (Non-Executive Director)
(Appointed on 16 August 2021)
Rene Haas (Non-Executive Director)
Philip Hulme (Non-Executive Director)
Ljiljana Mitic (Non-Executive Director)
Peter Ogden (Non-Executive Director)
Minnow Powell (Non-Executive Director)
Ros Rivaz (Senior Independent Director)

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Computacenter is a leading independent technology partner, trusted by large corporate and public sector organisations. We help our customers to Source, Transform and Manage their IT infrastructure to deliver digital transformation, enabling people and their business. Computacenter is a public company quoted on the London FTSE 250 (CCC.L) and employs over 17,000 people worldwide.

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