

HALF YEARLY RESULTS FOR THE PERIOD ENDED 30 SEPTEMBER 2024

Chairman's statement

Unaudited results for the six months trading to 30 September 2024

Revenue for the six months ended 30 September 2024 was £186.6m, down 2.3% on £190.9m for the same period last year. Cost prices on both timber and panels have remained stable throughout the first half of the year but there are signs of price weakness in some of our commodity products. Sales volumes are up 4.1% compared with the same period last year. We are still seeing a move in the product mix of our sales towards cheaper alternative products.

Gross profit percentage, which includes warehouse costs, for the six-month period ended 30 September 2024 was 16.3% compared with 16.8% in the comparative six months. Whilst our panel product side of the business has continued to perform well, the anticipated improvement in our timber business did not occur. The enforcement of EU Deforestation Regulations in Europe has led to cheap uncertified hardwoods, especially in our African sapele markets, being diverted to the UK market. This has resulted in a significant negative effect on our margins on those products.

Operating profit was £11.3m, down £3.2m compared with £14.5m operating profit for the same period last year. Profit before tax was £13.6m compared with £16.4m for the same period last year. The tax charge of £3.4m represents an effective rate of 25.3%, reflecting the UK basic rate of corporation tax. Earnings per ordinary share were 50.5p compared with 61.5 p for the same period last year.

As at 30 September 2024 net assets are £210.4m (2023: £203.8m). Inventory levels of £66.9m, and trade and other receivables of £64.4m have remained stable throughout the period. Bad debts for this period are lower than the same period last year. Cash and cash equivalents have increased to £67.5m (2023: £66.0m) which is very positive considering the one-off special dividend that was paid in August 2024. We continue to take advantage of additional early settlement discount opportunities with our suppliers as well as generating improved interest receipts.

There is a surplus in the IAS19 valuation of the pension scheme at 30 September 2024 of £15.1m (2023: £11.2m). The trustees completed their derisking exercise during this period with the aim of reducing the volatility of the IAS19 valuation.

Interim dividend

The Board has declared an increased interim dividend of 7.95p per Ordinary Share (2023: 7.75p). The dividend is payable on 24 January 2025 to ordinary shareholders on the Company's Register at close of business on 3 January 2025. The ex-dividend date will be 2 January 2025.

Current and future trading

The second half of 2024/25 has started with similar volumes to the previous six-month period to 30 September 2024, with similar margins. We were expecting the market to show signs of improvement in the second half of this year but so far this has not materialised. We have seen considerable challenges in our marketplace, including a significant competitor going into administration and others looking to quickly turn inventories into cash, which has affected short-term margins in some product groups. This has created opportunities to increase our market share and enabled us to take on three new brands of melamine and laminate panel products as well as some key specialist salespeople to help promote these new products.

Our customers still have reasonable order books but are finding the marketplace more challenging. Whilst we are not seeing an increase in debtors days, we are seeing an increase in unexpected bad debts, although our level of credit insurance cover remains strong. The strength of our customer base and the diverse market sectors within which we operate will help us during the more challenging macroeconomic climate that we are all facing.

The board has completed the end-to-end supply chain review as part of our long-term planning for the business. This review considered both current supply chain conditions and our expectations of what this will look like over the longer term. In order to future proof our supply chain and routes to market, we have decided to invest in a National Distribution Centre to support the depot network. This centre will allow the business to manage its stock more efficiently, increase the range of products that we can offer our customers, whilst at the same time freeing up space in our existing warehouses to increase stock throughput and reduce the need for further investment in our sites. We anticipate that a National Distribution Centre will be fully operational within three years, once the appropriate location has been identified.

The board is pleased with these interim results considering the challenging market conditions. However, we anticipate that the results for the year ended 31 March 2025 will fall slightly below last year's results, with the anticipated improvement in market conditions now not expected until the middle of 2025. The results for the year ended 31 March 2025 will be announced on 26 June 2025.

Nick Latham
Chairman
28 November 2024

This announcement contains inside information for the purposes of Article 7 of the UK version of Regulation (EU) No 596/2014 which is part of UK law by virtue of the European Union (Withdrawal) Act 2018, as amended.

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JAMES LATHAM PLC
CONSOLIDATED INCOME STATEMENT

For the six months to 30 September 2024

	Six months to 30 Sept. 2024 unaudited	Six months to 30 Sept. 2023 unaudited	Year to 31 March 2024 audited
	£000	£000	£000
Revenue	186,591	190,882	366,514
Cost of sales (including warehouse costs)	(156,251)	(158,832)	(304,415)
Gross profit	30,340	32,050	62,099
Selling and distribution costs	(12,933)	(12,033)	(24,225)
Administrative expenses	(6,074)	(5,558)	(11,731)
Operating profit	11,333	14,459	26,143
Finance income	2,468	2,063	4,313
Finance costs	(210)	(126)	(194)
Profit before tax	13,591	16,396	30,262
Tax expense	(3,433)	(4,030)	(7,601)
Profit after tax attributable to owners of the parent company	10,158	12,366	22,661
Earnings per ordinary share (basic)	50.5p	61.5p	112.7p
Earnings per ordinary share (diluted)	50.3p	61.4p	112.6p

All results relate to continuing operations.

JAMES LATHAM PLC**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME***For the six months to 30 September 2024*

	Six months to 30 Sept. 2024 unaudited	Six months to 30 Sept. 2023 unaudited	Year to 31 March 2024 audited
	£000	£000	£000
Profit after tax	10,158	12,366	22,661
Other Comprehensive income			
Actuarial (loss)/gains on defined benefit pension scheme	(1,167)	1,982	5,770
Deferred tax relating to components of other comprehensive income	292	(495)	(1,442)
Foreign translation charge	(35)	(64)	(252)
Other comprehensive income for the period, net of tax	(910)	1,423	4,076
Total comprehensive income, attributable to owners of the parent company	9,248	13,789	26,737

JAMES LATHAM PLC
CONSOLIDATED BALANCE SHEET

At 30 September 2024

	As at 30 Sept. 2024 unaudited	As at 30 Sept. 2023 unaudited	As at 31 March 2024 audited
	£000	£000	£000
ASSETS			
Non-current assets			
Goodwill	1,193	1,181	1,193
Other intangible assets	1,069	1,236	1,152
Property, plant and equipment	41,462	37,841	39,989
Right-of-use-asset	10,492	5,438	8,363
Trade and other receivables	863	-	789
Retirement benefit surplus	15,066	11,212	15,864
Deferred tax asset	-	53	-
Total non-current assets	70,145	56,961	67,350
Current assets			
Inventories	66,882	66,052	61,709
Trade and other receivables	64,399	64,220	64,757
Cash and cash equivalents	67,457	65,958	75,881
Tax receivable	-	13	-
Total current assets	198,738	196,243	202,347
Total assets	268,883	253,204	269,697
Current liabilities			
Lease liabilities	1,372	879	1,373
Trade and other payables	37,856	35,013	35,456
Current tax payable	18	-	408
Total current liabilities	39,246	35,892	37,237
Non-current liabilities			
Interest bearing loans and borrowings	592	587	592
Lease liabilities	9,493	4,806	7,298
Deferred tax liabilities	9,147	8,124	9,340
Total non-current liabilities	19,232	13,517	17,230
Total liabilities	58,478	49,409	54,467
Net assets	210,405	203,795	215,230
Capital and reserves			
Issued capital	5,040	5,040	5,040
Share-based payment reserve	197	152	152
Capital reserve	398	398	398
Retained earnings	204,770	198,205	209,640
Total equity attributable to shareholders of the parent company	210,405	203,795	215,230

JAMES LATHAM PLC**CONSOLIDATED CASH FLOW STATEMENT***For the six months to 30 September 2023*

	Six months to 30 Sept 2024 unaudited	Six months to 30 Sept 2023 unaudited	Year to 31 March 2024 audited
	£000	£000	£000
Net cash flow from operating activities			
Cash generated from operations	11,523	13,197	29,563
Interest paid	(36)	(25)	(48)
Income tax paid	(3,722)	(3,094)	(5,943)
Net cash inflow from operating activities	7,765	10,078	23,572
 Cash flows from investing activities			
Interest received and similar income	1,976	1,697	3,560
Purchase of property, plant and equipment	(3,166)	(2,233)	(5,595)
Proceeds from sale of property, plant and equipment	57	27	67
Net cash outflow from investing activities	(1,133)	(509)	(1,968)
 Cash flows before financing activities			
Purchase of treasury shares	-	-	(6)
Exercise of share options	137	-	212
Lease liability payments	(902)	(425)	(1,190)
Equity dividends paid	(14,291)	(5,789)	(7,348)
Purchase of own shares	-	(6)	-
Cash outflow from financing activities	(15,056)	(6,220)	(8,332)
 (Decrease)/increase in cash and cash equivalents for the period	(8,424)	3,349	13,272
 Cash and cash equivalents at beginning of the period	75,881	62,609	62,609
 Cash and cash equivalents at end of the period	67,457	65,958	75,881

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to owners of the parent company				
	Issued capital £000	Share-based payment reserve £000	Capital reserve £000	Retained earnings £000	Total equity £000
As at 1 April 2023 (audited)	5,040	124	398	190,013	195,575
Profit for the period	-	-	-	12,366	12,366
Other comprehensive income:					
Actuarial gain on defined benefit pension scheme	-	-	-	1,982	1,982
Deferred tax relating to components of other comprehensive income	-	-	-	(495)	(495)
Foreign translation charge	-	-	-	(64)	(64)
Total comprehensive income for the period	-	-	-	13,789	13,789
Transactions with owners:					
Dividends	-	-	-	(5,789)	(5,789)
Exercise of options	-	(8)	-	8	-
Deferred tax on share options	-	(1)	-	-	(1)
Own shares movement	-	-	-	184	184
Share-based payment expense	-	37	-	-	37
Total transactions with owners	-	28	-	(5,597)	(5,569)
Balance at 30 September 2023 (unaudited)	5,040	152	398	198,205	203,795
Profit for the period	-	-	-	10,295	10,295
Other comprehensive income:					
Actuarial gain on defined benefit pension scheme	-	-	-	3,788	3,788
Deferred tax relating to components of other comprehensive income	-	-	-	(947)	(947)
Foreign translation charge	-	-	-	(188)	(188)
Total comprehensive income for the period	-	-	-	12,948	12,948
Transactions with owners:					
Dividends	-	-	-	(1,559)	(1,559)
Exercise of options	-	(24)	-	24	-
Deferred tax on share options	-	(19)	-	-	(19)
Own shares movement	-	-	-	22	22
Share-based payment expense	-	43	-	-	43
Total transactions with owners	-	-	-	(1,513)	(1,513)
Balance at 31 March 2024 (audited)	5,040	152	398	209,640	215,230
Profit for the period	-	-	-	10,158	10,158
Other comprehensive income:					
Actuarial loss on defined benefit pension scheme	-	-	-	(1,167)	(1,167)
Deferred tax relating to components of other comprehensive income	-	-	-	292	292
Foreign translation charge	-	-	-	(35)	(35)
Total comprehensive income for the period	-	-	-	9,248	9,248
Transactions with owners:					
Dividends	-	-	-	(14,291)	(14,291)
Exercise of options	-	(36)	-	36	-
Deferred tax on share options	-	2	-	-	2
Own shares movement	-	-	-	137	137
Share-based payment expense	-	79	-	-	79
Total transactions with owners	-	45	-	(14,118)	(14,073)
Balance at 30 September 2024 (unaudited)	5,040	197	398	204,770	210,405

JAMES LATHAM PLC

NOTES TO THE HALF YEARLY REPORT

1. The results presented in this report are unaudited and they have been prepared in accordance with the recognition and measurement principles of International Accounting Standards in conformity with the requirements of the Companies Act 2006 and on the basis of the accounting policies expected to be used in the financial statements for the year ending 31 March 2025. The half yearly report does not include all the disclosures that would be required for full compliance with IFRS. The figures for the year ended 31 March 2024 are extracted from the statutory accounts of the group for that period.

2. The directors propose an interim dividend of 7.95p per ordinary share which will absorb £1,605,000 (2023: 7.75p absorbing £1,560,000), payable on 24 January 2025 to shareholders on the Company's Register at the close of business on 3 January 2025. The ex-dividend date is 2 January 2025.

3. This half yearly report does not constitute statutory financial accounts within the meaning of section 434 of the Companies Act 2006. The statutory accounts for the year ended 31 March 2024 were filed with the Registrar of Companies. The audit report on those financial statements was not qualified and did not contain a reference to any matters to which the auditor drew attention by way of emphasis without qualifying the report and did not contain a statement under section 498 (2) or (3) of the Companies Act 2006. The half yearly report has not been audited by the Company's auditor.

4. Earnings per ordinary share is calculated by dividing the net profit for the period attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the period.

	Six months to 30 Sept 2024 unaudited £000	Six months to 30 Sept 2023 unaudited £000	Year to 31 March 2024 audited £000
Net profit attributable to ordinary shareholders	10,158	12,366	22,661
	Number '000	Number '000	Number '000
Weighted average share capital	20,131	20,123	20,112
Add: diluted effect of share capital options issued	63	24	14
Weighted average share capital for diluted earnings per ordinary share calculation	20,194	20,147	20,126

5. Net cash flow from operating activities

	Six months to 30 Sept 2024 unaudited £000	Six months to 30 Sept 2023 unaudited £000	Year to 31 March 2024 audited £000
Profit before tax	13,591	16,396	30,262
Adjustment for finance income and cost	(2,258)	(1,937)	(4,119)
Depreciation and amortisation	2,475	2,272	4,271
(Profit)/loss on disposal of property, plant and equipment	(24)	7	35
(Increase)/decrease in inventories	(5,173)	1,437	5,780
Decrease in receivables	283	2,562	1,236
Increase/(decrease) in payables	2,427	(5,934)	(5,862)
Retirement benefits non cash amounts	123	(1,643)	(2,120)
Share-based payments non cash amounts	79	37	80
Cash generated from operations	11,523	13,197	29,563

6. Copies of this statement will be posted on our website, www.lathamtimber.co.uk/investors. A copy can be emailed or posted upon application to the Company Secretary, James Latham plc, Unit C2, Breakspear Park, Breakspear Way, Hemel Hempstead, Herts, HP2 4TZ, or by email to plc@lathams.co.uk