JAMES latham
THE NATURAL CHOICE

# JAMES LATHAM PLC

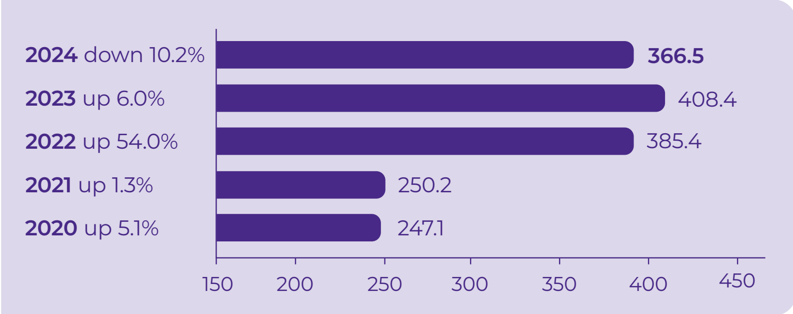
ANNUAL REPORT & ACCOUNTS 2024

# Contents

## Financial Highlights

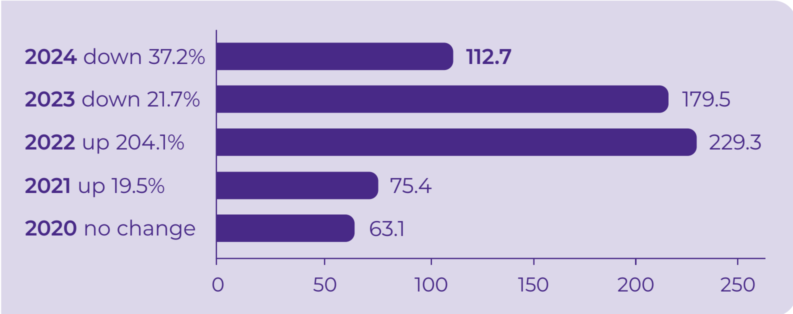
Revenue

**£366.5m**



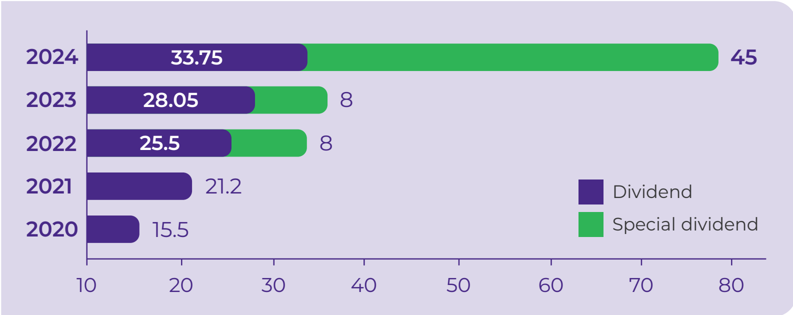

Earnings per share (see Note 9)

**112.7p**




Total Dividend per share

**78.75p**




Net profit attributable to shareholders

**£22.7m**

**Down 36.9%**

Equity Shareholders Funds

**£215.2m**

**Up 10.0%**

Cash and Cash Equivalents

**£75.9m**

**Up 21.2%**

| Financial Calendar | |
|---|---|
| Record date for final dividend 2024 | 2 August 2024 |
| Annual General Meeting 2024 | 21 August 2024 |
| Payment of final dividend | 23 August 2024 |
| Interim 2024/25 results announcement | 28 November 2024 |
| Interim dividend expected payment date | 24 January 2025 |
| Preliminary announcement of 2024/25 results | 26 June 2025 |
| Annual General Meeting 2025 | 20 August 2025 |

# Chairman's Statement

I am very pleased to report good trading results for the financial year to 31 March 2024. The financial year to 31 March 2024 was a year where normal market conditions returned following three years of unprecedented challenges and opportunities, which had provided the group with exceptional profits. Product values reduced at a faster rate and earlier in the financial year than we had predicted. The lack of demand for our type of products in Continental Europe led to UK manufacturers having to react to price weakness from European manufacturers, who were looking to sell more product in the UK.

Global supply chains have been much easier this year, but we have seen how the position can quickly change with the impact that the shipping attacks in the Red Sea have had on container rates. The impact of inflation and higher interest rates has continued to be challenging with negative consumer confidence levels for much of the year affecting outputs in some of our key sectors. Construction has had a challenging year, and although this does not directly affect us, many of our larger manufacturing customers supply product into this sector. The strength of our results are testament to the depth and breadth of our customer base and the diverse market sectors within which we operate.

Revenue for the financial year to 31 March 2024 was £366.5m, down 10.2% on last year's £408.4m. Like for like volumes taking into account working days and acquisitions, decreased by just 0.2%, with growth of 2.7% on delivered business from our own warehouses. The cost price of our products is on average 3.4% lower (2023: 6.5% higher) than at the start of the financial year. This year has seen a change in our product mix, with customers moving to cheaper cost effective products. Whilst we have gained market share in these products, the lower price per tonne has resulted in reduced revenues.

Gross profit percentage for the financial year to 31 March 2024 was 16.9% compared with 19.6% in the previous financial year, with product mix and a more competitive environment resulting in margins reducing slightly below our long term average. Despite inflation remaining high, overheads have been well controlled and are little changed from the previous year.

Profit before tax is £30.3m, compared with last year's £44.5m. Profit after tax for the year is £22.7m compared with last year's £35.9m. Earnings per ordinary share is 112.7p compared with last year's 179.5p. These figures should be viewed in the context of the exceptional profits achieved over the previous two financial years.

As at 31 March 2024 net assets have increased to £215.2m (2023: £195.6m). Inventory levels have reduced to £61.7m from £67.5m last year due to the normalisation of supply chains and the product mix resulting in more lower value products. Current trade and other receivables at the year end were £2.0m lower than the previous year with our measure of debtors days down slightly on the previous year. Despite the challenges of the economic environment, bad debts have remained low at 0.11% (2023: 0.06%) of revenues. Cash and cash equivalents of £75.9m (2023: £62.6m) remain strong with good cash flows from operating activities.

## Final dividend

The Board has declared a final dividend of 26.0p per Ordinary Share (2023: 20.8p). The total dividend per ordinary share of 33.75p for the year (2023: 28.05p) is covered 3.3 times by earnings (2023: 6.4 times).

The previous two financial years have provided the group with exceptional profits and have allowed our cash balances to increase. The Board has declared two special dividends of 8.0p in each of the previous two financial years to reflect these profit levels. Following a return to more normal market conditions, the Board has reviewed our current cash position and, considering future investment plans and maintaining our flexibility to react to opportunities as they arise, has decided to declare a further special dividend of 45p per share.

Both the final and special dividend are payable on 23 August 2024 to ordinary shareholders on the Company's register at close of business on 2 August 2024. The ex-dividend date will be 1 August 2024.

## Current and future trading

Current trading is consistent with the second half of the financial year to 31 March 2024, with very similar volumes and margins. The majority of our customers have improved order books and are feeling more positive than this time last year. However certain sectors, such as the merchant sector, are still finding the market place challenging.

We are seeing significant container freight rate increases at the moment which will increase our cost prices. This affects about 25 % of our products and we expect that the market price of these products will increase to compensate for this.

The cost prices from the majority of our manufacturers, excluding freight, are relatively stable, and we do not expect any changes in the short term. Demand for panel products is slowly increasing. Demand for timber however has been more challenging, but we are expecting volumes to increase as the year progresses.

We continue to see increased volumes in lower value products, but as overall demand and confidence picks up, combined with the work that we are doing in the specification sector then we expect our product mix will improve.

We are very mindful of the uncertainties created by the current geopolitical instability and the upcoming UK general election, but the macro-economic climate seems to be gradually improving, and the market place within which we operate is feeling more confident.

The group continues to demonstrate its ability to deliver strong results despite all the challenges that we face, and we believe that this will continue.

## Development strategy

The directors remain focused on developing the business, and believe that the recent strong results demonstrate that the strategy is working well.

We will continue to invest in our current warehouse facilities including building a new storage shed at our Thurrock facility to enable them to stock more commodity products, and adding new racking to both our Scotland and Hemel Hempstead warehouses to allow them to further develop their product range.

We are committed to relocating the Belfast site (formerly branded as IJK Timber) to a modern style facility enabling them to stock our full range of products, but it is taking longer than expected to find a suitable site for development.

We have now purchased our Dublin site (formerly branded Abbey Woods), and with some investment will give us approximately 15 % more space to allow us to increase the range and depth of our stock to support our customers requirements.

The board continue to look for acquisitions that either help develop sales in specific market sectors, enable the business to sell a wider product range, or any geographical opportunities that arise.

The board have been conducting a full review of the storage and routes that our products take before reaching our customers with a view to increasing both the efficiency of our operations and the range of products that we can hold. This project has identified a number of options that need to be further investigated over the coming months, including introducing warehouse management IT systems. The board will ensure that sufficient resources are allocated to these projects to invest in our business for the long term benefit of the group.

## Directors and staff

Trevor Barnard retired as Purfleet site director in March 2024 having worked for James Latham for 45 years. Trevor was the third generation of the Barnard family who have collectively worked in our business for nearly 150 years. I would like to record my enormous gratitude to Trevor and the whole Barnard family for their commitment to our business over so many years.

I would also like to thank Phil Roche who is due to retire at the end of October 2024, after 34 years service at the Dublin site. He oversaw the smooth integration of Abbey Woods into the James Latham business and has been instrumental in promoting our Accoya product into the Irish market.

I would also like to extend a warm welcome to Sarah Mawdsley, Mat Lewis and Alan Wiseman, who have all recently joined the business to become site directors at our Hemel Hempstead, Purfleet and Dublin sites.

I would like to thank the IT team, headed up by Sophie Trabucchi, who successfully and seamlessly upgraded our computer system to a new ERP system giving us the potential to introduce new technologies. Updating a computer system at the same time across all of the UK depots was a huge undertaking, but all the preparation and hours of testing, helped by all of the depots, meant that this was a smoother transition that anyone could have expected.

In terms of corporate structure, there is a clear division of responsibilities between the main board which determines strategy and exercises corporate governance and the trading board of Lathams Limited, chaired by Andrew Wright, which sets and monitors trading and operating policy. Both boards are well balanced in terms of experience and skills.

Finally I would like to thank all the directors and everyone within our group, as the results this year are very pleasing and could not have been achieved without the dedication and commitment of all of our staff at James Latham.

I strongly believe that the great results that we have achieved over the past few years demonstrate the great team spirit and communication that we have in our business today, and will stand us in good stead in the future.

**Nick Latham,**
*Chairman, James Latham plc*
*8 July 2024*

# Strategic Report

## Introduction

### Outline of the Strategic Report

The directors present their Strategic Report for the year ended 31 March 2024. Included within these sections are the four Principles for delivering growth as contained within the Quoted Companies Alliance Corporate Governance Code 2018, demonstrating how we comply with these principles.



The Strategic Report was approved by the board of directors on 8 July 2024 and signed on its behalf by:

**Nick Latham**
**David Dunmow**

### Section 172 Statement

The Strategic Report contains information on how the directors have had regard to the matters set out in Section 172 (1) (a) to (f) of the Companies Act 2006 when performing their duties under section 172. The long term success of our business has always depended on maintaining mutually beneficial arrangements with all our key stakeholders, and having shared goals. The group ensures that these shared goals are communicated throughout the business, both at group and local board level, as well as with the stakeholders themselves. Details of how we interact with our key stakeholders are discussed further in the Strategic Report. Our key stakeholders are:-

- **Shareholders.** As owners of the Group, we rely on the support and views of our shareholders. Members of the board have regular dialogue with shareholders in order to develop an understanding of their views. Shareholder feedback is regularly reported on and discussed by the board and their views are considered as part of the decision making process. The AGM is an important forum for shareholders to meet the board and ask any questions they may have. Further information is shown on pages 8 and 38.

- **Employees.** All of our employees throughout the business are key to our success, and we need to reward, protect and listen at all levels. We engage with our employees through the Company Intranet, local board meetings, performance reviews and briefings from various parts of the business. We have undertaken employee surveys which we use to present ideas to the board, representing the views of all our staff. We provide share schemes to encourage employees to share in the success of the group. Further information is shown on page 22.

- **Customers and Suppliers.** Building long term relationships with our customers and suppliers is mutually beneficial for our shared success. Key to this is availability of inventories, service levels and expertise of our staff, to be able to provide the best products and best solutions to our customers, which cannot be done without the support of our suppliers. Further information is found on page 6.

- **Environment and Local Communities.** As a provider of natural materials, our impact and interaction with the environment and our local communities is key to our long term success. We support national and local charities with donations and encourage employees to undertake fundraising activities. Further information is found on pages 8 to 22.


*Honext Board installed at The Fitzwilliam Museum in the University of Cambridge.*

Decisions are made with a long term view in mind and having regard to all our stakeholders. These decisions are made in line with group policies, but local management are empowered to make decisions up to set levels of cost to ensure that stakeholders for their business units are properly considered. Where possible, decisions are explained and discussed with affected stakeholders before any actions are implemented. The key decisions taken by the board in the year to 31 March 2024, which have an impact upon our stakeholders, include:

a. Directing and reviewing the further detailed work on the full review of our supply chain and route to market. This is a major long term project that will start to be implemented over the next few years and is necessary to future proof our business and increase efficiency in inventory levels and throughput.

b. Approval of the implementation of a new ERP computer system across all the group, and approval of the budget to introduce a new Warehouse Management IT system, to be launched in 2025.

c. Approval of the purchase of the whole of the long leasehold at our Dublin branch to extend the warehouse and provide more capacity necessary for the future profits from this site.

d. Agreeing a new investment strategy with the Trustees of the James Latham Pension and Assurance Scheme, following the triennial valuation, to accelerate the derisking of the scheme's investments.

e. Approval of a project to improve and expand our ESG strategy, starting with the TCFD reporting, included on pages 10 to 19, culminating in our path to net zero.

f. Approval of annual budget and three year plans. This year's budget and rolling three year plan were approved following a review of the budgets produced by the individual profit centres to ensure that this met our strategic priorities and considered the risks. We considered whether these plans adequately met the demands of our customers both in terms of service and in environmental concerns. We also considered the health and safety implications of these plans, as well as taking on board ideas put forward by employees.

g. Approval of the final dividend. We considered all the stakeholders in setting the dividend levels, including meeting shareholder expectations, maintaining a sufficient cash reserve for future investment and ensuring that there are sufficient reserves to meet our obligations to our pensioners.

# James Latham plc and Our Objectives and Strategy

## DELIVER GROWTH

**Principle 1** – Establish a strategy and business model which promote long term value for shareholders.

### Objectives

James Latham plc sets out to be the supplier of choice throughout the UK and Ireland for joinery, door and kitchen manufacturers, commercial interior fitout and many other market sectors, offering a wide range of wood based panel products, natural acrylic stone, door blanks, hardwoods, high grade softwoods, modified and engineered timbers, decking and mouldings and other machined products. We also supply commodity and specialist panel products to timber and builders' merchants.

Environmental interests in, and concerns about, the growth and harvest of timber are key drivers of company policy, with the company aiming to increase each year, the amount of legal and sustainable product supplied into its marketplace. The UK is committed to becoming net-zero carbon by 2050 and the company is providing embodied carbon information to our customers to demonstrate the carbon story of our products.

The company believes that to provide the service demanded, we need to be close to our customers. We offer national coverage from twelve locations in the UK and two locations in the Republic of Ireland, as shown in The Latham Group map on page 101, as well as from various port and storage locations around the UK.

Our timber processing facility at Dresser Mouldings supplies both the depots and customers directly.

Having stock of product in the right place at the right time is important to provide this service. Commodity imports are held in ports including Tilbury, Liverpool and Grangemouth. This stock can be delivered directly to customers for multi-pack orders, or transferred to the depots for onward delivery. Around London we stock Panel Products and Timber Products in separate warehouses whereas a full range of products are held in our other locations around the United Kingdom. We also hold a range of specialist products in Leeds for distribution to the UK and Irish markets to complement the business supplied directly by our depots.

The company is well respected in its industry and amongst its customers and suppliers for its principled trading policies and its integrity.

**The company's objectives are:**

- To maximise shareholder value over the medium term;
- To be the supplier of choice for our customers by understanding and meeting their needs and providing them with the right material at the right time;
- To maintain its presence in timber based products but to expand the product range to the existing customer base from an extended distribution network;
- To increase sales of third party certified legal and sustainable timber products and drive Environmental, Social and Governance (ESG) policies within our company and industry;
- To provide a safe working environment for our staff;
- To improve service levels by improving warehouse facilities to speed order picking over an extended product range; and
- To employ and develop well-trained, knowledgeable and helpful staff.

### Strategy for Developing the Business

The directors recognise that the strength of the group is as a distributor of high quality timber and associated products, purchased using the TDUK Responsible Purchasing Policy from legal and sustainable sources of supply, to meet existing and new customer demands on product and service.

Working with existing and potentially new suppliers, we identify products to add to our extensive range. This can include non timber products where they fit into the requirements of our customer base. Our aim is to provide a true one stop shop to our key target markets.

# James Latham plc and Our Objectives and Strategy

Our strategy for developing the business is two fold. Firstly to ensure that we maintain and improve our volumes of commodity products, including MDF, OSB, Plywood, North American Hardwoods, European Hardwoods and African Hardwoods. Secondly, alongside the commodity products we sell an increasing amount of speciality products, including Door Blanks, Melamines, Laminates and other decorative panels, Accoya, Woodex® and Decking. The Dresser Mouldings facility allows us to further develop our offering of processed timbers. Full ranges of the specialist products are stocked and key to our success is having the right stock in the right place at the right time.

Melamine, decorative laminates and edging products are important product groups and all Latham depots offer a comprehensive range of products ex-stock, including decors from Egger, Kronospan and CLEAF.

Sales of technical engineered and modified timber are a key part of our strategic sales development for timber. An enhanced range of products are stocked, including Accoya, WoodEx®, Decking and machined and coated timbers.

Our Leeds depot acts as the central distribution point for ATP, HI-Macs®, Kydex®, Laminates and Valchromat. These are all available on a national basis for prompt delivery to our customer base. We have and will continue to enhance our delivery service and will continue to develop our centrally held stocks. Overnight trunking of goods between the depots enables us to provide an increased range of stocks available for next day delivery.

*Intricate herringbone marquetry by Benjamin Scott at Rycotewood Furniture College.*

All depots have a three year rolling business plan to ensure that they monitor opportunities and threats throughout the year and review their practices to continually improve service levels to our customers. These plans drive our investment in our facilities as we adapt our product ranges and service levels to meet customer demands, which includes operating 24 hours a day, 5 days a week.

We will continue to look to develop new markets, both organically through our depot network, or by acquisition where the opportunity arises.

Our staff are a major asset for the company, and we continue to invest in training to ensure that we have the best operations, sales, technical and financial teams in the industry. Marketing of our products is done through brochures, direct advertising, public relations, social media and exhibitions and we use multiple channels to communicate clearly with our existing and potential customers, fully complying with our responsibilities under the Data Protection Act.

Our specification website promotes our product offering to professional specifiers, architects and designers. We also put in place a programme of presentations to architects for their Continual Professional Development.

Digital media has provided the company with the opportunity to increase brand awareness across a wide range of social media platforms including a series of short videos available on the **www.lathamtimber.co.uk** website. Our central sampling service in Leicester provides an efficient service with full visibility to follow up the sales leads that this produces.

We value the personal relationships developed with our suppliers, staff and customers. Working with our staff and suppliers we aim to offer our existing and potential customer base a first class service of fit for purpose, legal and sustainable products, delivered in a timely manner.

The challenges in achieving our strategic objectives are considered within the Principal Risks and Uncertainties on pages 24 to 27.

## Corporate Responsibility

### **Principle 2** – Seek to understand and meet shareholder needs and expectations.

Nick Latham and David Dunmow are responsible for maintaining good communications with shareholders. This includes our published financial statements and Stock Exchange announcements, which are also posted on to our Investors website, **www.lathamtimber.co.uk**. We allocate at least two days a year for Investor Roadshows organised by our broker, SP Angel, where investors have the opportunity to discuss our strategy and their own expectations. In addition we occasionally host shareholder visits to our depots with a guided tour of the facilities to increase their understanding of our business. Shareholder feedback and significant movements in our shareholder base are regularly discussed at board level, and their views are considered as part of our decision making processes.

### **Principle 3** – Take into account wider stakeholder and social responsibilities and their implication for long-term success.

At James Latham plc, we are conscious of our corporate responsibilities to all our stakeholders and to society as a whole. Environmental matters, health and safety, staff training and equal opportunities are key areas relevant to the group's business. We also maintain contact with and support both the local and the wider community. A substantial amount of management time is devoted to Environmental, Social and Governance (ESG) issues, especially around the Carbon Story, as we believe that these enhance our standing with customers and suppliers to the benefit of all stakeholders.

#### Environmental

The directors of James Latham plc recognise that the company has a responsibility to the environment, customers, suppliers, shareholders and staff to base its commercial activities on well-managed forests and to reduce any negative environmental or social impact of its trading as far as is reasonably practical.

ESG matters are of increasing importance with our stakeholders, and in due course, as the broader company ESG strategy develops, we will seek to incorporate performance measures into the implementation of the policy which support this.

The UK Government is committed to becoming net-zero carbon by 2050. The legislation intends to dramatically reduce Greenhouse Gas Emissions and any remaining emissions are offset, neutralising environmental impact and slowing climate change. One of the routes to achieving this, is by reducing carbon emissions in the build environment.

Timber is one of the only renewable resources used in construction unlike steel and concrete which cannot claim this as only a finite source is available. Due to construction being responsible for 25% of the UK's total carbon footprint, construction companies need to look at the choice of materials and construction methods used, as well as the energy efficiency EPC ratings of the buildings.

Sourcing wood from sustainably managed forests maximises CO2 absorption and stores more carbon. In addition, sustainably managed forests increase biodiversity and increases forestation. Forest stewards manage the landscape to prevent damage to the eco-systems, water courses, wildlife and the trees themselves. This system takes a long term view of the forest resource to ensure that they will last for generations to come.

To support this, we ensure our timber is legally harvested and comes from well managed forests. We recognise that the independent certification of forests and supply chains is the best means of providing assurances of this. As well as providing assurances on the timber itself, these schemes also provide checks on the welfare of the forest workers and indigenous population.

The Timber and Timber Products (Placing on the Market) Regulations ("UKTR") places an obligation on the first placer of timber on the British market to ensure that the timber has been legally sourced and traded. Compliance requires operation of a due diligence system, assessing risks and implanting mitigation measures to ensure that only negligible status product can enter the supply chain. In 2023, an Office of Product and Safety Standards audit of our due diligence systems found that we were fully compliant with the European Union Timber Regulation No 995/2021. In 2022 we were audited by the Department of Agriculture, Food and the Marine in the Republic of Ireland responsible for legal sourcing and recently passed the audit of our site in Dublin.

For a number of years we have had risk assessment tools in place to monitor suppliers through the TDUK Responsible Purchasing Policy and Code of Conduct. The risk assessment seeks to provide the clearest practicable information regarding the sources of raw material used in the manufacture of wood products.

We publish our commitment to the environment regularly in literature and on our website, **www.lathamtimber.co.uk**. We give clear guidance to our customers about the importance of buying timber that can be demonstrated to be legal and from well-managed forests. This is a condition of contract to supply the UK Government and many environmentally aware customers.

### The Carbon Story

Timber performs fantastically when compared to Carbon Dioxide ($CO_2$) intensive materials such as concrete or steel which release $CO_2$ into the atmosphere during production. Conversely, timber produces no $CO_2$ during its growth, instead removing carbon from the air and locking it away for its lifetime. The UK Government's Timber in Construction roadmap illustrates their recognition of this and the policy of increasing the use of timber in construction.

Our compliance team continue to work with the Biocomposites Centre at the University of Bangor to refine our unique calculator that measures not only the carbon locking potential of our products, but also the carbon footprint created by their production, transport and storage at our facilities. Not only is this data available to our customers, but we also rank (1-4) the confidence we have in the data and the sources it was taken from. With a broad portfolio of products from around the world, this ranking not only provides peace of mind for our customers, but also encourages lower ranked suppliers to improve the documentation available for us to make these calculations.

*Accoya cladding at Beacon Square, Chichester by Halcyon Homes.*

### TCFD Disclosure

The group recognises that disclosure of the actual and potential impacts of climate-related risks and opportunities on an organisation is fundamental to understanding the resiliency of the business in the context of climate change and adaptation. Climate-related issues can significantly affect multiple aspects of an organisation's financial performance and position, both now and in the future.

The Task Force on Climate-Related Financial Disclosures (TCFD) has provided a framework for addressing these risks and opportunities that ensures high-quality and decision-useful disclosures, which enable interested stakeholders to understand the impact of climate change on diverse organisations. These recommendations are structured around 4 thematic areas: Governance, Strategy, Risk Management, and Metrics & Targets. These disclosures are reported on pages 11 to 19 as well as in the Principle Risks and Uncertainties on page 24 to 27.

These four overarching thematic areas are supported by 11 specific recommended disclosures focused on assessing and managing climate-related risks and opportunities. The company has responded to all 11 recommendations, however, we are unable to provide a full account of our GHG impacts (Metrics and Targets: Recommendation B and parts (g) and (h) of the 2022 regulations) as we have yet to quantify all our downstream emissions, although we expect this to contribute minimally to our overall footprint. Currently, we are unable to express our risks in quantifiable financial terms, however, we are committed to enhancing our disclosure practices to incorporate financial metrics in our risk assessments in the future.

| THEMATIC AREA | RECOMMENDATION |
|---|---|
| Governance | **a)** Describe the board's oversight of climate-related risks and opportunities. |
| | **b)** Describe management's role in assessing and managing climate-related risks and opportunities. |
| Strategy | **a)** Describe the climate-related risks and opportunities the organisation has identified over the short, medium, and long term. |
| | **b)** Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning. |
| | **c)** Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario. |
| Risk Management | **a)** Describe the organisation's processes for identifying and assessing climate-related risks. |
| | **b)** Describe the organisation's processes for managing climate-related risks. |
| | **c)** Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organisation's overall risk management. |
| Metrics & Targets | **a)** Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process. |
| | **b)** Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks. |
| | **c)** Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets. |

## Governance

We consider climate change to be a significant Board-level strategic issue, with the Chairman, Nick Latham, setting the agenda. Ultimately, responsibility for both assessing and managing climate-related risks and opportunities, along with all ESG matters, sits with the Environmental Director, Piers Latham, and the environmental compliance team. It is the responsibility of the Environmental Director and Compliance manager to report these risks to the executive board.

The Audit Committee also plays an important role in the management of these issues in reviewing the risks of the group, including climate change risk. The report of the Audit Committee can be found on page 37.

The board oversees target setting and monitoring, including in the area of environmental impacts and climate change adaptation/mitigation. Risk mitigation is discussed in every board meeting and any newly identified risks, or risks that have materially changed, are communicated throughout the organisation for monitoring and action. Progress towards climate-relevant and other sustainability goals is also reported and discussed in these meetings as and when relevant, and these updates provide a valuable input into the concurrent discussions of strategy, major plans of action, and risk management.

### Next Steps

We will continue to engage at both board and management level on climate-related issues, and further integrate best practice into our internal governance structures and processes in the coming years.

*Valchromat and HI-Macs® installed at Catford Mews.*

## Strategy

We recently completed a thorough risk and opportunity analysis to identify our potentially material risks and opportunities in the short, medium and long term. For the purposes of this analysis, short-term was defined to be less than three years, medium-term between three and ten years, and long-term ten years and onwards, as the lengths over which climate change is anticipated to affect the business.

We considered a wide array of both transition risks and physical risks, in line with TCFD guidance. Transition risks include policy and legal risks (e.g. emerging regulation or litigation), market risks (e.g. shifts in consumer preferences), reputation risks (e.g. brand damage), and technological risks (e.g. disruptive influence of new technologies). Physical risks include acute events (e.g. storms, floods, or heatwaves) and chronic risks (e.g. sea level rise or long-term changes in precipitation). The most material risks and opportunities identified are detailed in the table on pages 12 to 14.

### Material Risks and Opportunities

| Risk | Category | Likelihood | Impact | Timeframe | Description | Mitigating factors / response |
|---|---|---|---|---|---|---|
| Reputational impacts of poor environmental performance or missing climate targets | Transition - Reputation | Possible | Moderate | Medium-term | Inability to meet public targets may erode stakeholder confidence, while obfuscation or errors related to climate disclosures could harm the organisation's reputation. This might discourage investment or lead to a decline in demand for services. | We already have SECR reporting underway, allowing for some visibility of carbon impacts and sustainability reporting within our annual report for several years. This year we have quantified our GHG impacts across scopes and will continue to do so on an annual basis in the interest of transparency, expanding our footprint to include downstream emission sources over time.<br><br>We are firmly committed to both reducing our climate impacts and to only targeting what is actually achievable. As such, all climate goals will be subject to thorough analysis prior to announcement, minimising the risk of over-promising in this space. |
| Increase in extreme weather events impacting the supply chain | Physical - acute | Possible | Moderate | Medium-term | Acute physical events around the world could cause supply chain disruptions. For instance, increased precipitation volumes and intensity, combined with rising sea levels, may lead to flooding, posing a threat to suppliers worldwide. Additionally, drier conditions in other regions may increase the risk of wildfires, which could have disastrous consequences for certain timber suppliers and result in supply shocks for certain wood types (with attendant price increases). | We have built strong relationships with our suppliers over time, so we are well positioned to find solutions to supply chain disruptions. We regard our value chain as resilient to acute disruptions due to the availability of alternative suppliers for all key materials. We have agreements in place at multiple ports across different geographies, so we will be able to ensure material flows can continue even if certain routes and ports suffer from acute climate-related events. |
| Increase in extreme weather events impacting facilities/ operations | Physical - acute | Possible | Major | Medium to long-term | Acute physical events, such as storms and floods, may directly impact James Latham's operations and facilities. The incidence of such events is likely to increase over time. Rising temperatures are expected to drive increased cyclone intensity, which also poses a threat to depots. | Our operations span diverse geographical areas and we have disaster recovery plans in place to ensure business continuity in case of emergencies. We carefully consider environmental risks before purchasing or leasing sites to limit our exposure to such risks. |

### Material Risks and Opportunities *(continued)*

| Risk | Category | Likelihood | Impact | Timeframe | Description | Mitigating factors / response |
|---|---|---|---|---|---|---|
| Carbon taxes | Transition - Policy & Legal | Possible | Moderate | Medium to long-term | Rising taxes on fossil fuels and other emission sources would lead to direct expenditure increases, especially in areas like transport. Suppliers relying on fossil fuels will also pass on costs, and inflationary pressure is anticipated throughout the value chain. Additionally, increased costs related to phasing out fossil fuel vehicles, purchasing electric vehicles (EVs), and implementing other emission reduction measures are expected. | We are continuing to reduce our exposure to potential carbon and fuel taxes in the future by investing in on-site renewable energy generation and the electrification of our fleet, forklifts, and processes. In regard to increased costs in the value chain, rising procurement costs are likely to affect all organisations in the sector and can largely be passed on to end customers. |
| Long-term climatic disruptions to the forestry sector | Physical - Chronic | Possible | Major | Long-term | Traditional regions for growing specific wood types may become less productive over time (due to chronic changes in precipitation and temperature). This could cause displacement of producers or impact timber quality and availability and require sector-wide evolutions of supply chains. If not adequately and proactively addressed, this could result in yield declines, price rises, and supply disruptions. | We are confident that our key suppliers are aware of these coming climatic changes and taking steps to limit risk exposure. We maintain robust channels of communication with suppliers and will ensure that these long-term risks are adequately considered and addressed. |

| Opportunity | Category | Likelihood | Impact | Timeframe | Description | Mitigating factors / response |
|---|---|---|---|---|---|---|
| Reputational Impacts of positive climate performance | Transition - Reputation | Possible | Moderate | Medium to long-term | Cultivating a reputation as a climate leader, consistently complying with relevant regulations, and setting ambitious goals can result in reputational gains, significant growth, and the ability to attract top talent. As more organisations adopt sustainability requirements, exceptional performance in these areas may lead to preferential treatment by customers and our carbon calculator can set us apart from peers and enhance our image as industry leaders. | Sustainability reporting is included in the Annual Report, highlighting the organisation's commitment to environmental and social responsibility. Additionally, the company engages in ongoing monitoring of sector norms, ensuring alignment with industry best practices. |

## Non-Financial and Sustainability Information Statement

### Material Risks and Opportunities *(continued)*

| Opportunity | Category | Likelihood | Impact | Timeframe | Description | Mitigating factors / response |
|---|---|---|---|---|---|---|
| Increased demand for low-carbon products | Markets | Likely | Major | Medium to long-term | The demand for timber products as a sustainable building material is growing, especially when compared to alternatives like concrete and steel. This trend may be driven by an increased emphasis on embodied carbon in buildings and adherence to BREEAM standards. | We have involvement and engagement with TDUK which influences UK policy and ensures continued focus on timber as a key element of the construction sector's decarbonisation journey. We have pioneered a carbon calculator tool to allow for carbon impact transparency, which ensures we are well placed to take advantage of this growing opportunity. |
| Resilience from fossil fuel market volatility | Resilience | Possible | Moderate | Medium to long-term | Investments in on-site renewables or the purchase of Power Purchase Agreements (PPAs), coupled with a transition to an electric vehicle (EV) fleet, can enhance resilience against potential carbon taxes and volatility in fossil fuel markets. Subsidies and public programs may facilitate these initiatives, contributing to more sustainable and economically stable operations. | We currently procure 100% renewable energy for all our sites and have installed solar panels at two of our depots (Leicester and Yate). We will continue to invest in the expansion of our on-site power generation capacity, which will form a key part of our forthcoming carbon reduction plan. We have also adjusted our company car policy to ensure only electric or hybrid vehicles are being utilised. |
| Reduction in cost due to efficiency and productivity gains | Transition - Policy & Legal | Possible | Moderate | Short to Medium-term | Efficiency and productivity gains can be achieved by streamlining compliance with environmental and reporting requirements. For instance, compliance with TCFD drives proactive climate risk mitigation and shapes company policy. Mandated efficiency improvements can also reduce costs in the long run. The increasing requirement to disclose will lead to more accurate reporting and recording of information, greater carbon literacy understanding within James Latham and the wider industry, and enhanced climate resilience and preparedness. | We actively monitor the regulatory landscape, ensuring compliance and risk mitigation. Additionally, we maintain a close working relationship with Energise (a sustainability consultancy) for ongoing collaboration, guidance, and support. |

### Influence on Strategy

Given our sector and the nature of our operations, Transition and Physical risks are both likely to impact the organisation over time. While none of the identified risks are considered likely to be financially material in the short term, an awareness of this risk and opportunity landscape has influenced a variety of strategic decisions. Climate-relevant issues are considered with growing frequency at the board level and various initiatives are currently being rolled out, including increasing the number of electric forklifts, installing solar panels at depots, a variety of energy efficiency measures, and growing use of IT to reduce travelling. An awareness of the need to reduce our carbon footprint also contributed to the decision to procure 100% renewable energy for all our depots and to adjust our company car policy to ensure mainly electric or hybrid vehicles are utilised.

An appreciation of the market opportunity presented by climate mitigation measures has prompted significant effort to position ourselves as leading suppliers of climate-relevant information alongside our products. We are proud to be the first UK suppliers of timber and panel products to make data on the carbon impact of our products easily accessible to all customers via our Carbon Calculator tool. We have partnered with the sustainability consultancy Energise to create a net zero strategy over the coming years to refine our approach to decarbonisation and allow for the setting of concrete targets.

*Oak Veneered MDF shelving installed by Dowels Bespoke Joinery and Interiors.*

### Strategy Resilience

To better assess the resiliency of James Latham's strategy in the coming decades, we examined the identified risks and opportunities under different climate scenarios and across different time horizons. The selected scenarios (detailed below) represent real-world possibilities that would subject the organisation to differing degrees of physical and transition risks across various timeframes. We are confident that these three scenarios together enable us to assess a comprehensive range of potential risks and opportunities, thereby ensuring the resilience of our strategy across a variety of future eventualities.

| Scenario | Description |
|---|---|
| **Early/Smooth Transition** | This scenario assumes early, coordinated global action on climate change, limiting GHG concentrations in line with the RCP 2.6 trajectory. Under this scenario, energy prices rise significantly, significant investment is made in new technologies, and consumer preferences change markedly. As a result, warming is limited to under 2° by 2100. |
| **Late/Disruptive Transition** | Under this scenario, global climate action is delayed, and therefore more severe. The policy response is more disjointed, allowing emissions to continue to climb in the near-term before sharp reductions are made, partially via the introduction of a stringent carbon taxation regime. Late but forceful action still allows for alignment with the RCP 2.6 pathway and warming limited to under 2° by 2100. |
| **High Emissions Scenario** | This scenario assumes that there is no further acceleration of climate action, and GHG concentrations proceed in line with the RCP 8.5 pathway. This results in warming of over 3° by 2100. Transition risk is limited, but physical risks increase sharply. |

This analysis yielded several key insights:

- An early/smooth transition would lower the magnitude of most risks in comparison to the other scenarios. In this scenario, James Latham would be able to engage in forward planning and avail itself of expanding areas of opportunity in a predictable manner. Physical risks would also be minimised, so there would be less chance of direct physical impacts and second-order consequences such as geopolitical conflict in response to major climatic changes. An early/smooth transition would therefore not have a material impact/change on either the business model or strategy of the Group.

- A delayed / disorderly transition would likely result in the greatest risk exposure to James Latham. In this scenario, Transition risks are especially material in the medium to long term because new regulation is forcefully and suddenly imposed, increasing the likelihood for more severe economic impacts. A delayed/disorderly transition would therefore have a greater impact/change on the business model or strategy of the Group.

- A high emissions scenario would, predictably, increase exposure to all physical risks. As these are generally not the most material to James Latham, this scenario would likely be less disruptive than others in certain areas, e.g. the absence of carbon taxation and the attendant economic impacts. In this scenario, it would be most difficult for James Latham to achieve its own decarbonisation goals, however the potential benefits of doing so would be greater as it would serve to distinguish the organisation from most competitors.

## Risk Management

### Identifying and assessing risk and opportunities

Risk registers covering risks of all types are maintained for all entities and geographies within James Latham. The Audit Committee is responsible for identifying emerging risks and incorporating these into existing risk registers. Site managers are responsible for doing the same for site-specific emerging risks. Newly identified risks at the site level are subsequently considered at the next meeting of the Audit Committee. Opportunities are presented to the board by the Environmental Director and are communicated down to the rest of the group.

**Figure 1. Risk Criteria**

| Likelihood | | | | | |
|---|---|---|---|---|---|
| 5 Almost Certain | 5 | 10 | 15 | 20 | 25 |
| 4 Likely | 4 | 8 | 12 | 16 | 20 |
| 3 Possible | 3 | 6 | 9 | 12 | 15 |
| 2 Unlikely | 2 | 4 | 6 | 8 | 10 |
| 1 Rare | 1 | 2 | 3 | 4 | 5 |
| | 1 Insignificant | 2 Minor | 3 Moderate | 4 Major | 5 Critical |

**Impact**

*Moralt FireSmoke Door Blanks.*

Climate risks are assessed in terms of both impact and probability. Impact ratings range across five qualitative levels from Insignificant to Critical, while probability ranges across five defined levels from Rare (<5% probability) to Almost Certain (>90% probability). Impact is understood to be a measurement of potential harm, including both financial and operational impacts. Overall risk ratings are a product of impact and probability, as defined by a 5 x 5 risk matrix (see Figure 1).

As described above, these risks are grouped into two categories: Physical risks, which relate to the physical impacts of climate change, and Transition risks, which relate to the transition to a low-carbon economy. Physical risks are classified as being acute (such as floods, heatwaves, or storms) or chronic (such long-term variations in temperature/precipitation, sea level rise, etc.). Transition risks include everything from emerging regulation to changes in consumer preferences, and are categorised as being either: Reputation, Technology, Policy & Legal, or Market related.

These risks are evaluated across the short, medium, and long term, as described in the Strategy section above.

**Managing Risk**

The risk management processes outlined in the Principal Risks and Uncertainties section of the Strategic Report apply equally to climate-related risks and are overseen by the Audit Committee who reviews the group's risk register as part of its regular monitoring process. The duties of the Audit Committee include, on behalf of the board, regular reviews of risks of all types, including climate-related risks. Risks are responded to as necessary by adopting appropriate strategies and maintaining strong systems of internal control. These strategies however do not attempt to eliminate risk but control the risks to an appropriate level that allows us to confidently continue to generate acceptable shareholder returns.

**Next steps**

We have performed a thorough climate-related risk and opportunity analysis and assessed identified risks and opportunities by the same criteria as risks of all other types. We do, however, recognise that further harmonisation of risk classification systems and integration of identified risks into existing risk registers remains to be undertaken. We aim to perform a thorough review of existing risk registers and ensure all material climate-related risks are incorporated where relevant. This will also involve the definition and implementation of specific monitoring and management procedures for these risks where necessary.

## Non-Financial and Sustainability Information Statement

### Metrics & Targets

Ensuring effective monitoring of our exposure to climate-related risks necessitates the maintenance of an up-to-date dashboard of pertinent indicators. We have begun to collect data in various climate-related areas and intend to expand our range of metrics over time. In addition to quantifying our operational emissions, pertaining to Scopes 1 and 2 in the UK, we also gather data on the proportion of our electricity contracts backed by renewable sources, and our total energy usage. We present these figures either as proportions or relative to some operational metric to allow for the reporting of gains in efficiency irrespective of business growth.

| Metric (unit) | 2020 | 2021 | 2022 | 2023 | Variance from previous year |
|---|---|---|---|---|---|
| UK GHG emissions intensity relative to turnover (Scopes 1 & 2) *(tCO2e / £m)* | 14.86 | 12.98 | 11.73 | 14.63 | 24.7% |
| UK GHG emissions intensity relative to volume (Scopes 1 & 2) *(tCO2e / per thousand m3)* | 8.80 | 9.69 | 10.44 | 11.18 | 7.1% |

An awareness of these metrics allows us to monitor our progress towards our climate-related goals. This helps us understand our exposure to risks such as reputational damage and carbon taxation. These metrics additionally yield insights into our potential to avail ourselves of several opportunities, such as leveraging sustainability credentials to win customers or attract talent.

A breakdown of our Scope 1, Scope 2 & 3 overall emissions are below:

| Scope | tCO2e (Market) | tCO2e (Location) |
|---|---|---|
| Scope 1 | 4,925.3 | 4,925.3 |
| Scope 2 | 2.1 | 316.6 |
| Scope 3 | 185,485.4 | 185,485.4 |
| **Total** | **190,412.8** | **190,727.3** |

Detailed Scope 3 Breakdown below:

| Category | tCo2e |
|---|---|
| **Category 1:** Purchased Goods & Services | 169,159.1 |
| **Category 9:** Downstream Transportation and Distribution | 5,712.3 |
| **Category 4:** Upstream Transportation & Distribution | 5,658.3 |
| **Category 2:** Capital Goods | 2,932.6 |
| **Category 3:** Fuel and Energy-Related Activities | 1,169.9 |
| **Category 7:** Employee Commuting (including Homeworking) | 664.8 |
| **Category 6:** Business Travel | 132.1 |
| **Category 5:** Waste Generated in Operations | 56.3 |
| **Total** | **185,485.4** |

### Our Targets

As per governmental requirements to reach carbon net zero by 2050, we are progressing with feasibility analysis and refining our carbon strategy, with an aim to set a science-based target along with a variety of complementary targets and key performance indicators that will be drafted this year as part of our net zero strategy formulation process.

### Next Steps

Over the coming years, we aim to broaden the scope of our analysed metrics to create a comprehensive dashboard of indicators that provide insight into our risk exposure. We understand that there remain some minor gaps to fill in our understanding of our GHG impacts (e.g. the end of life of our sold products). We are dedicated to improving the coverage and accuracy of our GHG footprint year on year to support the effective management of our emissions and monitoring of progress. In time, we aim to explore and include more risk and opportunity specific metrics, such as the proportion of our revenue associated with high-carbon vs. low-carbon sectors.

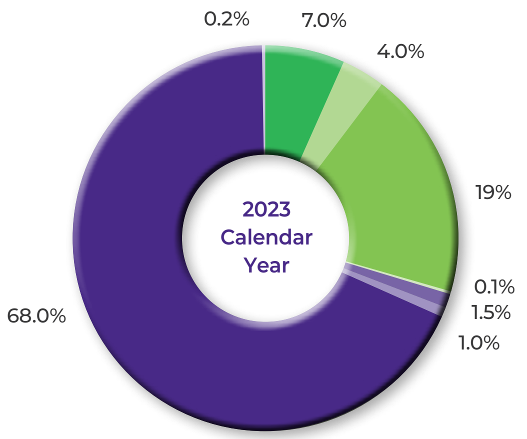
### Daintree House by Sterlingdale

Situated deep in a woodland glade in Dorset, the Daintree House by Sterlingdale represented the largest volume of timber-based products ever supplied by James Latham for a single domestic project. Exterior cladding products were specified with extra consideration given due to the humid conditions, whilst the interior fit-out was completed using some of our most exclusive decorative and structural materials. Valued at £2.5m, the property was featured throughout the national press and was eventually snapped up by the company Omaze who offered the property as a prize in a charity lottery.

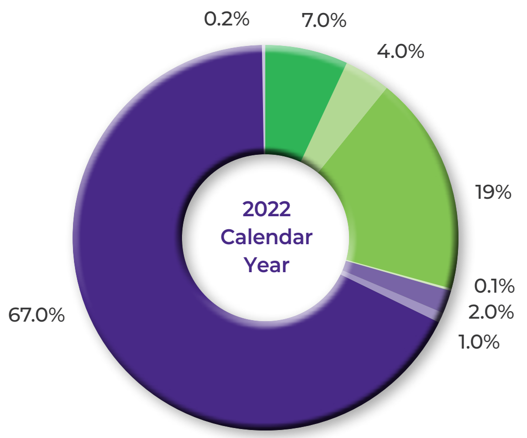
### Energy and our Carbon Footprint

We recognise that alongside our timber environmental policy, we have a responsibility to minimise our local environmental footprint. We have developed an environmental management system which is accredited under ISO14001. This commits us to considering energy efficient options for lighting, heating and ventilation and transport, before making purchasing decisions.

Total annual energy use of 22,120,618 kWh is further analysed in the graphs below.




- Electricity - 1,519,132 kWh
- Natural Gas - 808,192 kWh
- LPG - 4,247,036 kWh
- Cars Electric - 9,907 kWh
- Cars Diesel - 255,381 kWh
- Cars Petrol - 224,403 kWh
- HGV's Diesel - 15,021,476 kWh
- Gas and Burning Oil - 35,092 kWh




- Electricity - 1,500,357 kWh
- Natural Gas - 781,257 kWh
- LPG - 3,950,206 kWh
- Cars Electric - 2,587 kWh
- Cars Diesel - 368,336 kWh
- Cars Petrol - 179,929 kWh
- HGV's Diesel - 14,195,771 kWh
- Gas and Burning Oil - 39,840 kWh

Our GHG emissions have been calculated using the UK Government (Defra), Circular Ecology Database (ICE) and Plastic Europe Eco profiles. We use and publish our location-based emissions for Scope 2 for greater transparency despite our efforts in purchasing low-carbon energy. Our detailed data methodology including materiality and sensitivity analysis is available on request.

As a distribution company, the majority of our emissions are from our vehicles. These are increased this year due to the increase in volumes delivered on our own vehicles and hence numbers of journeys undertaken. We have continued to encourage working from home on a hybrid basis where this is possible for the efficient running of our operations.

### Waste Disposal

We seek to minimise the use of packaging material and to recycle discarded packaging material and paper where it is practicable to do so, to avoid these materials entering landfill. We have seen a good improvement in reducing the amount of waste reaching landfill, as set out in the table below.

**Waste to landfill and diverted from landfill**

| | 2019 | 2020 | 2021 | 2022 | **2023** |
|---|---|---|---|---|---|
| Landfill (tonne) | 156 | 87 | 121 | 110 | **43** |
| Diverted from landfill (tonne) | 681 | 707 | 838 | 820 | **953** |
| Total waste | 837 | 794 | 959 | 930 | **996** |
| Diverted from landfill | 81% | 89% | 87% | 89% | **96%** |

**Production Waste (Dresser Mouldings)**

| | 2020 | 2021 | 2022 | **2023** |
|---|---|---|---|---|
| Dust (tonne) | 360 | 465 | 529 | **585** |
| Liquid residue (tonne) | | | | |
| Trade effluent | 30 | 39 | 10 | **25** |
| Landfill | 2 | 2 | 1 | **3** |

*Whilst every effort has been made to ensure data is consistent across the years, there are some differences in collection methods across this period.*

## Supply chain transparency – Modern Slavery Act 2015

We are dedicated to promoting ethical values and integrity in our business behaviour by implementing controls through ISO management and due diligence systems. We are committed to taking all reasonable efforts to prevent human trafficking and slavery within our trading and operational purchase supply chains. Our Modern Slavery Statement is updated annually and is available on our website **www.lathamtimber.co.uk**.

## Support of our communities

Our depots and all our employees are part of their own local communities and we encourage interaction with these communities by charitable donations, fund raising activities and volunteering.

Each year we ask our employees to nominate charities for the company to support. Our employees vote on which charity should receive a donation of £20,000, and this year we supported Alzheimer's Society. 21 other charities nominated also received a small donation.


We support environmental charities and this year donated £20,000 to the Woodland Trust to continue their work protecting and creating native woodland in the UK. In addition we continue to support the National Forest project in Central England, which started with the planting of 250 trees to celebrate the company's 250 year anniversary in 2007. We donated £10,000 this year for them to continue their work in regenerating industrial land and creating the first forest to be created in England for over 100 years. In addition, £2m of our cash deposits are held in a Green Fund, which is invested in various green, environmentally friendly projects.

We donate our products, working with our customers and suppliers to support worthy projects. A sample of these are shown right.

### Imaginarium at Leuchie House, North Berwick

The work undertaken by Leuchie House is invaluable to its users. A centre dedicated to providing holidays and short breaks for those living with, and caring for those with neurological conditions, it provides great respite to its patrons. However, those working at the centre are also under immense pressure to provide day-to-day support for their visitors during their stay. We worked with the Imaginarium Foundation, and contractor SD Manufacturing to donate EGGER decorative materials for a 'Secret Garden Room', designed in conjunction with specialist environmental psychologists, where staff could spend some quiet time, regrouping, re-energising and mentally refreshing, away from the day-to-day pressures of providing such a valuable service.

### London School of Architecture/London Festival of Architecture

As part of our developing relationship with the London School of Architecture, we teamed up with plywood manufacturer UPM to donate a large quantity of their WISA Spruce Special product to a highly worthy project in Dalston. Designed around the existing church aisles to resemble a modern day Chantry, the structure within the Grade 2 listed Holy Trinity Church provides study space for students from the architecture school whilst also providing a community space and kitchen, library, teaching rooms and co-working spaces for local residents. Initially commissioned as part of the 2024 London Festival of Architecture, the resulting, demountable structure has been granted permission to remain inside the church for a minimum of five years, such is the perceived benefit to the local community.

### National Autistic Society, Chelsea Flower Show

Winner of a Silver Gilt Medal at this year's Chelsea Flower Show, we worked alongside our supplier Accsys Technologies to provide a quantity of their Flagship modified timber, Accoya Color, to the National Autistic Society garden. Using toxin free, naturally modified Radiata Pine, and designed to be fully demountable, with no mechanical fixings or screws, the entire garden structure was deconstructed at the end of the show and relocated at the National Autistic Society supported living site at Catrine Bank – alongside the river Ayr in Scotland.

# Corporate Responsibility

We have pledged to encourage fund raising efforts of our employees by matching up to £500 of any money they raise. This year, activities included the Great North Run, White Collar Boxing, the Edinburgh half marathon, 100 mile run in March challenge, arranging an afternoon tea and donation of toys to local childrens charities.

We encourage volunteering by allowing all employees to take a day off for volunteering at full pay.


*Above Pete Miller and Steve-Stalker, White Collar Boxing.*
*Right: David Landsburgh at the Edinburgh Half Marathon.*

### Health and Safety – Providing a safe working environment

The handling of timber and panel products, both manually and mechanically, and the stacking and storage of these products at height, can be dangerous activities. We are very active in assessing and minimising the risks in all areas of the business and educating the workforce to provide as safe a working environment as possible for all people that come into contact with the company.

We employ a full-time Health and Safety Manager who reports to the board regularly, attends board meetings twice a year and chairs health and safety meetings at all depots. We have a 3-year action plan and all sites are subject to audit, with their audit scores and trends being monitored at quarterly management meetings. Management and employees are actively involved in improving our safety record, which is high on everyone's agenda. All employees take a personal responsibility for making sure their actions and behaviour maintain safety for all and we encourage reporting of "near misses" to enable us to constantly improve our safety systems.

In addition, we recognise that safety extends beyond our warehouses. We regularly monitor vehicle accidents in our lorries and company cars to assess whether further training is required. We operate a programme of lorry driver mentoring and are members of the Road Haulage Association who carry out yearly audits to make sure we are operating safely and efficiently. Our lorries all have tracking devices fitted which provide alerts and information on speed and the route taken, as well as cameras and side scanners to not only provide live footage for training and insurance purposes, but also to provide improved rear and side visibility to our drivers, minimising blind spots. We undertake driving licence verification checks on a regular basis for all our drivers. The latest technology allows us to monitor driver behaviour not only from a safety aspect but also from an environmental aspect, minimising fuel use by efficient routing. We also are accredited under the Safety Schemes in Procurement scheme.

### Our employees

The group's ability to achieve its commercial objectives and to serve the needs of its customers in a profitable and competitive manner depends on the contribution of its employees. Employees are encouraged to develop their contribution to the business wherever they happen to work. The group regularly keeps employees up to date with financial and other information, through the company Intranet and internal newsletters.

We have undertaken employee surveys and have worked on the key areas arising from the survey to improve our strategies on issues including staff retention, communication, succession planning, training and development for all employees. We plan to continue to use this tool on an ongoing basis to continue to improve the working environment for all staff as well as improve the quality of service that they offer to our customers. We publish our internal magazine, 1757, three times a year to help communicate all the company initiatives to our employees.

All employees have the opportunity at least once a year to meet with their manager to review their performance, discuss objectives and build their personal development plan. We are committed to developing the people management skills of all leaders to ensure they develop skills to motivate and support their teams.

Quarterly meetings are held in each location, chaired by a board member, where employees' views concerning the performance of their profit centre are considered. To encourage the involvement of employees in the group's performance, share option schemes are operated together with bonuses linked to performance.

The group's employment policies do not discriminate between employees, or potential employees, on the grounds of age, gender, disability, sexual orientation, colour, ethnic origin or religious belief. We would make every effort to enable employment to continue for any employees that become disabled. The sole criterion for selection or promotion is the suitability of any applicant for the job. The group's pay policy is to ensure that every employee, other than apprentices, are at or above the Real Living Wage.

Our trainees are put through external courses obtaining qualifications, including MBA's, NVQs in Sales and Warehousing, accountancy qualifications and the Wood Science exams covering the properties and uses of timber and panel products. We also use the government apprenticeship levy to help train our employees in skills relevant to our industry.

We have 14 members of our gifted and talented employees in the Latham Academy, who receive extensive training over a two year period, which will involve visiting suppliers mills and factories and forests, spending time across the company in different depots, including head office, and building skills in communication, assertiveness and IT. Each person has a mentor to help them make the most of this opportunity.

Details of the number of employees and their related costs can be found in note 4 to the account, and key decisions taken which have considered the employee interests are set out on page 4.

### The Reading Room

The Reading Room in Sway, Hampshire was developed as a safe space for people living with mental health issues and degenerative conditions such as dementia. We collaborated with long-term partner spudWORKS to donate a range materials for interior and exterior use, including the plywood which was painstakingly cut into tiles to produce modern representations of traditional cedar shingles. Situated on the footprint of a historic water tower, the circular design lent itself to smaller, modular external finishes, rather than long rigid cladding sections. Plywood's inherent flexibility and tensile strength meant that it could be formed to achieve the desired curvature without compromising on its structural integrity.

*Premium Oak staircase by RTH Staircases.*

## Principal Risks and Uncertainties

**Principle 4** – Embed effective risk management, considering both opportunities and threats, throughout the organisation.

All business involves taking risks, both general risks of trading and risks specific to our industry and the market in which we operate. These risks change and evolve and our risk management processes take a balanced approach to help us to deliver our strategic objectives over the medium term by adopting appropriate strategies and maintaining strong systems of internal control. These strategies however do not attempt to eliminate risk, but control the risks that we believe are appropriate to take to generate acceptable shareholder returns, without affecting our ethos on environmental and health and safety.

The risk reporting framework is designed so that information is passed in both directions, up and down the company's structure. A central risk register is maintained by the board and reviewed at least once a year by the Audit Committee. At those times the Audit Committee considers the emerging risks and the risk appetite of the group and adjusts the risk register accordingly.

These risk assessments are fed down to the depots, who add their own risks specific to their sites. Risk mitigation is discussed in every board meeting at depot and group level and reported back to the board. Any new or increased risks identified through this process are communicated to all depots for monitoring and action. Where the risk environment changes significantly, then these risk control and communication processes are accelerated so that any new information is passed up and down the company's structure as soon as possible.

Business operations are controlled by the site director at each location and they are responsible for training of their staff, local controls including Quality Systems and service levels, monitoring KPI's and ensuring group policies are adhered to. These controls are monitored at the quarterly board meetings. Central functions such as health and safety, insurance, IT, credit control, finance and HR are controlled by the executive boards of James Latham plc and Lathams Limited, who are responsible for assessing these risks and setting policies and procedures and ensuring that adequate training is given. Internal audit activities, such as Health and Safety audits, financial internal audits, Environmental Chain of Custody audits and Quality System audits provide assurances to the board that policies have been implemented properly and are being adhered to.

We have considered below the current risk factors that are considered by the board to be material. However in a changing world, new risks may appear or immaterial risks may become more important, and the directors will develop appropriate strategies as these risks appear.

In the year to 31 March 2024 we paid particular attention to climate change, the Supply Chain risks associated with the ongoing conflict in Ukraine and the unrest in the Middle East, Cyber Security and the high inflation and its effect on our costs and the general economic environment.

The principal risks that are considered to potentially have the most impact on the group's future operating results and the risk mitigation measures that we have introduced, are considered below.

## Principal Risks and Uncertainties

| Market and Macroeconomic Conditions | |
|---|---|
| **Risk Status – Medium** | **Risk Direction – Reduced** |
| **Description**<br>The group's sales are predominantly based in the UK and the Republic of Ireland. It is exposed to any slowdown in the UK or Irish economy. Negative or uncertain economic conditions could affect our customers' business resulting in them reducing purchases from our group. | **Mitigation**<br>The distribution of our customers across the UK and Irish economic sectors helps reduce the impact of slowdown in any one sector. Regular financial information helps the board assess current trends.<br>Our depots keep in close contact with our customers and discuss with them how market conditions are affecting their business. |

| Competition from new and existing businesses | |
|---|---|
| **Risk Status – Low** | **Risk Direction – Unchanged** |
| Competitive pressures from existing businesses and new entrants to the market could reduce prices, margins and profitability.<br>Changes in customer purchasing habits may lead to different routes to market. | An assessment of the market and competitor activity is discussed at each depot's quarterly board meeting. This includes an assessment of our routes to market as challenges to our depot structure and operations emerge and assessment of our pricing strategies.<br>We continue to invest in improving on-line trading platforms and other digital methods to meet customer demand. |

| Inventory levels move out of line with sales requirements and market prices | |
|---|---|
| **Risk Status – Medium** | **Risk Direction – Unchanged** |
| Product shortages can lead to high prices and over purchasing throughout the trade, resulting in excessive stock holding. Weaker prices lead to stock reduction throughout the supply chain, which magnifies the reduction in demand and then leads to even sharper falls in price.  Erratic shipments can result in stock excess and shortages in specific special products.<br>The market for certain product lines changes, resulting in them becoming overvalued and slow moving or obsolete.<br>The Global Supply Chain difficulties may cause demand for some products to switch to alternative products. | To mitigate this risk, the group has a strict policy of stock level targets by product group and depot. These are monitored monthly by the board which centrally controls the purchase of stocks and takes a group view on the action to be taken to limit the group's exposure to rapidly changing price levels. Live stock level reports and predictive tools are available for our managers to monitor current and future levels.<br>The group's reduced reliance on commodity items has reduced this risk of over exposure to low value, high volume and price sensitive items, although as an important area for us, this risk cannot be completely removed.<br>The board has set strict guidelines relating to purchases where the specification is unique to a particular customer, and has policies in place to ensure that no individual can commit the group to a purchase greater than their authorised limit.<br>Slow moving and obsolete stocks are monitored regularly and action taken to mitigate the risk. |

| Reputational Risk | |
|---|---|
| **Risk Status – Low** | **Risk Direction – Unchanged** |
| Over many years the group has built up a reputation for integrity and responsible trading and is aware that this can be easily damaged with the consequential cost to the Latham brand. | Policies are in place which cover standards of behaviour and good governance.<br>On the purchasing side the group has a strong responsible purchasing policy managed by our Environmental Manager to minimise possible damage to its reputation and legal risk from dealing in illegal products. |

*Continued overleaf*

## Principal Risks and Uncertainties

| Supply Chain disruption could result in shortages of product | |
|---|---|
| **Risk Status – Medium** | **Risk Direction – Unchanged** |
| Although a high percentage of the group's imported products now come from Europe and North America, it has significant dealings with countries where the political climate is less stable, resulting in a strategic threat to the supply of product to the group.<br><br>The group is reliant on certain suppliers for certain product ranges and their inability to meet our demand due to financial or production difficulties could result in stock shortages. | To mitigate the risk from these pressures, the group's dealings are spread across a large number of countries of supply. The group keeps informed of developments in higher risk producer countries.<br><br>We maintain close relationships with our suppliers, including ports and shipping lines, to ensure that we are pre-warned of difficulties of supply. We maintain relationships with suppliers of alternative products.<br><br>We also maintain close relationships with customers to help them find alternative sources of supply.<br><br>The effect of the Ukrainian conflict on supply chains continues to cause difficulties with certain products and we have found alternative sources of supply for many of our customers. The effect of the Middle East conflict has been to affect lead times on our products arriving from the Far East and so we have adjusted our inventory levels to compensate. |

| Environmental Risks and Carbon Reduction | |
|---|---|
| **Risk Status – Medium** | **Risk Direction – Increased** |
| Climate change could significantly affect our trading environment as the economy moves to meeting the UK governments pledge to achieve a net zero target by 2050.<br><br>Environmental matters are increasingly important to our customers, employees and investors and we need to respond to the increasing information expectations. | ESG forms an increasing part of board discussions and various initiatives are being introduced or trialled including increasing the electric component of our forklift and vehicle fleet, LED lighting and solar panels, and use of IT to reduce travelling.<br><br>In addition, we are the first in the industry to publish data on the carbon impact of our products, with our Carbon Calculator.<br><br>Training has been given to senior management on the wider effects of climate change. |

| Inability to trade from a depot | |
|---|---|
| **Risk Status – Low** | **Risk Direction – Reduced** |
| Inability to trade from a depot due to an incident, internally or externally, or the effects of a pandemic, could cause loss of revenue and profits. | Disaster recovery plans are in place at group and depot levels. These are reviewed by the Audit Committee and the board, as well as discussed at depot level. Insurance policies are in place to cover increased cost of working.<br><br>Our distribution network, as well as our inventories held at various ports, allow us to manage customers requirements from a different location. |

| Inability to fill key roles within the organisation | |
|---|---|
| **Risk Status – Medium** | **Risk Direction – Unchanged** |
| Our staff are key to the success of our business, and our inability to fill key roles could affect our profitability. | The group, through the Remuneration Committee, is committed to having remuneration, training and development policies to make James Latham the employer of choice. Benchmarking takes place to ensure our senior staff are rewarded appropriately.<br><br>Significant time is spent on identifying and training the leaders of the future, with our Trainee and Talent Pool programmes. The group also makes sure that continuity planning is considered by each senior employee with this process overseen by our HR Manager. |

| Defined Benefit pension scheme funding could increase | |
|---|---|
| **Risk Status – Medium** | **Risk Direction – Reduced** |
| The group is required by law to maintain a minimum funding level in relation to its obligations to provide pensions to members of the pension scheme. This level of funding is dependent on a series of external factors, such as investment performance, life expectancy and gilt yields. Significant changes in these areas can also have a significant effect on the funding levels. The sensitivity of the funding level to these factors is disclosed in note 20.2 in the notes to the accounts. | The scheme has been closed to new entrants for many years. The board regularly reviews the investment strategy and performance of the pension scheme investments.<br><br>The significant surplus within the defined benefit pension scheme has enabled the trustees to amend the investment strategy to reduce the risks and closely match investment returns to the valuation of our liabilities. |

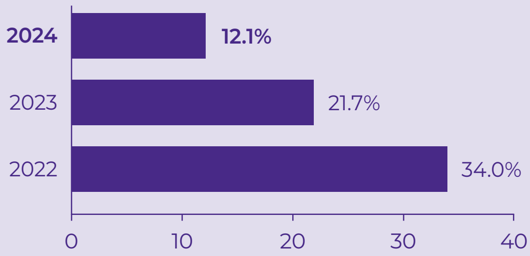
| Information technology failures impact our ability to trade | |
|---|---|
| **Risk Status – Medium** | **Risk Direction – Unchanged** |
| The operations of the group depend to a large extent on the availability and reliability of our information technology systems. A failure of systems, either of hardware, software or communications, for an extended period of time could impact our ability to trade. | Our main computer servers are located in a secure site away from the trading operations, hosted in an external data centre. The systems are monitored 24 hours a day, 365 days a year and maintenance work carried out on an ongoing basis. The infrastructure is regularly reviewed and updated.<br><br>Back ups are held offsite in a separate data centre to provide extra resilience. Should there be any failure in the systems in the main datacentre, then the back ups held in the secondary data centre can be made operational. Regular disaster recovery tests are carried out.<br><br>Software maintenance contracts ensure that our business critical software is up to date, allowing software problems to be resolved quickly.<br><br>This year we completed a major upgrade to our ERP systems giving us new opportunities to use technology to improve our operational efficiencies. |

| Cyber Security and Data Protection | |
|---|---|
| **Risk Status – Medium** | **Risk Direction – Increased** |
| The risks of Cyber attack, including Ransomware demands are increasing, and may lead to disruption to business and loss of data.<br><br>Theft of data relating to employees, customers and suppliers could result in a regulatory breach under GDPR. | Cyber training is carried out on a regular basis and for each new employee as part of their induction process. We have also continued to invest in our Cyber security systems, including improved firewall and penetration testing systems. Our IT disaster recovery plans include provisions for Cyber Attack. All new technologies being considered are assessed for security implications before they are introduced.<br><br>Our GDPR policy is regularly reviewed and we ensure that our marketing activities are appropriately carried out. |

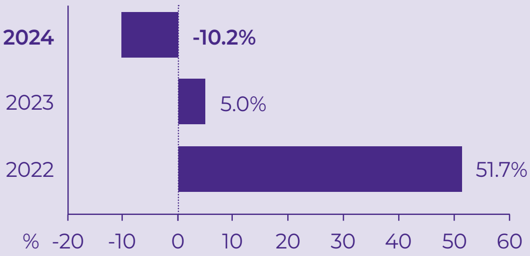
# Key Performance Indicators

The group monitors its performance against the following Key Performance Indicators that we believe best reflect our performance and progress in achieving the company objectives outlined on page 6.

## To maximise shareholder value over the medium term

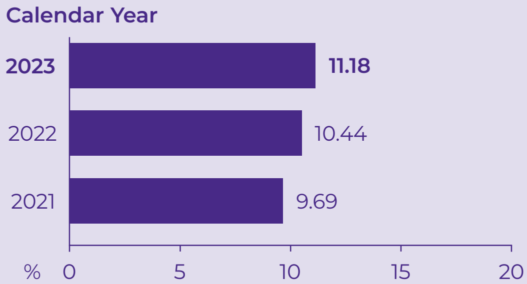



Return on Capital Employed, defined as Operating profit of £26.1m divided by Net Assets of £215.2m plus Non Current Liabilities of £17.2m less non current pension surplus of £15.9m. (see Financial Review on pages 31 to 34)



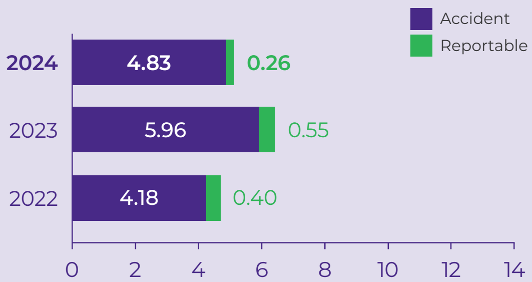

Like for like revenue, adjusted for the effects of acquisitions and working days, decreased 10.2%.

## Carbon Emissions



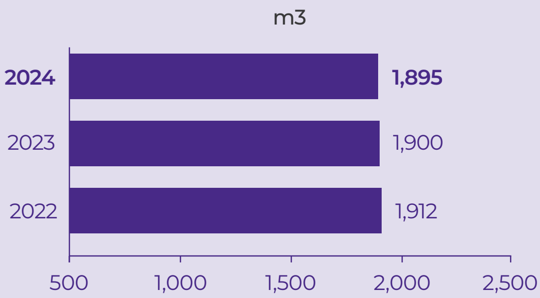

Carbon emissions shown as Tonnes of $CO_2$ from Scope 1 and Scope 2 per 1,000m3 of volumes sold (see page 20).

## To provide a safe working environment for our staff

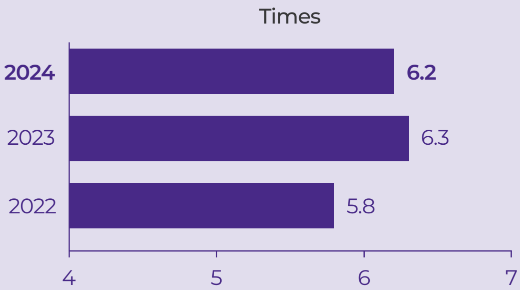



Total number of injuries, no matter how minor, and total number of reportable injuries, reported per 100,000 hours worked, remain low as a result of our continued focus on health and safety.

## To improve service levels by improving warehouse facilities to speed order picking over an extended product range




Volume of product sold per working day remaining stable.




Stock turn based on volumes is slightly below our target of 6.50 times.

### Results for the year ended 31 March 2024

Revenue for the year ended 31 March 2024 was £366.5m, £41.9m lower than the previous year.

We have seen strong performances from key areas of the business during the financial year. Our panel businesses have managed to increase volumes in a challenging and competitive marketplace. Our timber businesses have experienced falling values and generally weak trading conditions throughout the year.

Supply lines have been reliable throughout the year with limited disruption, enabling us to manage inventory levels, balance stocks and plan purchasing strategies.

We experienced container freight rates continuing to fall for much of the year. The conflict in the Red Sea has resulted in some disruption and delays, consequently we are now experiencing increasing freight rates.

Inflationary pressures have continued to dampen the wider economy, consequently market conditions have been challenging with some sectors and product groups experiencing falling demand and weakening values, resulting in those areas of our business experiencing greater competition and margin pressure. As we have seen during the pandemic our business is agile, operating with a wide portfolio of products and market sectors, and so the business has turned its attention to product groups and sectors where it can continue to trade successfully.

Following on from the last few years of unprecedented events trading margins have returned to more normal levels. Overheads in all areas have been well controlled. Our focus has remained on improving systems and processes to drive efficiencies and create opportunities across all areas of the business.


*Machining Timber at Dresser Mouldings.*


*Discussions during the Egger 24+ product launch roadshow.*

The relatively seamless introduction of a new computer operating system was a major piece or work and huge success during the year. This platform has created an opportunity to enable the business to introduce new processes, drive efficiencies and increase productivity.

Continued inflationary pressures combined with the political backdrop hasn't helped confidence in the UK economy resulting in our customers continuing to purchase on demand, project led and on a short term basis. Adequate supply and short lead-times have resulted in challenging market conditions throughout the year. Value engineering has been a key feature for both projects and customers purchasing decisions. Considering all these factors, demand for our range of products has remained consistent and in line with our expectations.

Our focus has remained on maintaining and improving customer service levels. In a bid to support this we have continued to extend our operating times with 9 of our distribution sites now operating 24/5 enabling us to meet our customers' service expectations. To help measure our success we have introduced a customer service charter.

The integration of our business in Northern Ireland is making good progress, we still have more investment to make in the warehouse facilities, and this will remain a focus. We have now successfully completed the purchase of the site in Dublin, and we are in the process of refocusing the business on a wider opportunity across the region. Both businesses have been rebranded and are now trading under the James Latham banner.

Our investments in further processing timber at Dresser Mouldings has reduced lead times and improved service levels opening up new opportunities for business from our timber trading depots.

# Strategic Report

## Operating Review

We have launched our Latham Academy creating a career development platform along with several other training and personal development initiatives across all areas of the business enabling the company to broaden the depth of experience and develop stronger teams.

We continue to focus on digital marketing, expanding our video library, and social media coverage. Linked to this we have revamped our marketing websites which have continued to record increased activity. The Timber Carbon story features heavily in our marketing effort.

For management purposes, the group is organised into one trading entity, importing and distribution of wood based and related materials, carried out in each of the fifteen locations trading in the United Kingdom and the Republic of Ireland. Within this one segment performance in terms of revenue and trading margin of the main product types are considered below. The separate segment of timber processing, through Dresser Mouldings, is considered immaterial and not separately disclosed.

The group's strategy continues to be to target specific market sectors on both added value, core and premium grade product and to provide product solutions for our customers.

### Market place

| Market sector | Customer group | Lathams sales value % | |
|---|---|---|---|
| | | **2024** | 2023 |
| **Construction/ housing** | Merchants | **15** | 15 |
| | Joiners | **25** | 26 |
| | Builders | **4** | 4 |
| | Kitchen manufacturers | **6** | 6 |
| | Door manufacturers | **4** | 4 |
| **Retail** | Shopfitters | **3** | 4 |
| | Laminators/Veneerers | **4** | 4 |
| | Furniture manufacturers | **6** | 6 |
| **Transport** | Vehicle builders/Van liners | **2** | 2 |
| **Exhibitions** | Exhibition fitters | **2** | 2 |
| **Cash sales** | | **9** | 10 |
| **Other importers** | | **6** | 7 |
| **Other sectors** | | **14** | 10 |
| | TOTAL | **100** | 100 |

Our products are used in both the public and private sectors. Our top ten customers account for 9% (2023: 8%) of sales and our top 25 customers represent 14% (2023: 14%) of sales.

*Customers visiting our new Hemel Hempstead showroom.*

### Financial review

A commentary on the group's trading results is set out in the Operating Review on pages 29 to 30, and the key figures are considered below, with emphasis on the financial performance.

### Revenue Analysis

After three years where the impact of the COVID-19 pandemic and resultant supply chain disruption had a significant positive effect on our revenues, this year saw a return to more normal market conditions. In this financial year, the impact of high interest rates and inflation has dampened demand, and customers have moved more to lower value, more cost effective, products. Revenues are down -10.2% on a like for like basis against the year to 31 March 2023. Cost prices on average were 3.4% lower than in the previous financial year, giving up some of the increases of previous years. Volumes remained stable despite the more challenging macroeconomic conditions. The change in product mix in some areas to lower value products has had the biggest effect on revenues in this financial year.

**Revenue Growth Analysis**

| | **2024** | 2023 |
|---|---|---|
| Volume | **-0.2%** | +5.3% |
| Price and Product Mix | **-10.0%** | -0.3% |
| Like for Like Revenue Growth | **-10.2%** | +5.0% |
| Acquisitions | - | +1.4% |
| Trading Days | - | -0.4% |
| **Total Revenue Growth** | **-10.2%** | +6.0% |

**Half Yearly Revenue Analysis**

| | **2024 vs 2023** | 2023 vs 2022 |
|---|---|---|
| Half 1 | **-10.3%** | +9.7% |
| Half 2 | **-10.2%** | +2.2% |


**David Dunmow**
*Finance Director and Company Secretary*

### Operating profit

The board remained focussed on managing margins to enable us to remain competitive in commodity products but grow margins in our focus products and other products where there were market shortages, whilst still maintaining our service levels. Gross profit percentage has reduced to 16.9% from 19.6%. The effect of the change in product mix towards lower cost and margin products, and the more competitive market environment has caused margins to drop slightly below our long term average.

Warehouse costs, which are included in the calculation of gross profit, have received continued investment in racking systems and manpower to extend the working day to meet customer demands and improve service levels. Nine depots are now operating a 24 hour system during the working week, meaning we can take orders later in the day to provide next day deliveries where our customers require it. It also provides opportunities to receive goods in during the night from suppliers or from other depots.

Costs in each location are monitored closely by the board through the quarterly meetings at each depot, with detailed variance analyses being provided. We constantly look for efficiencies in our overheads whilst continuing to invest for the future. Transport and warehouse costs per tonne have increased by 0.5% (2023: increased by 11.7%) and 7.1% (2023: increased by 13.1%) respectively. It is pleasing to see this slowing of the increase in costs per tonne, especially considering the increases seen in the national minimum wage, and the high inflation seen for much of the year.

Operating profit reduced to £26.1m from £43.7m last year. Group net profit before taxation reduced to £30.3m from £44.5m last year.

## Financial Review

### Taxation

Our strategy in managing and controlling our tax affairs is to ensure compliance with all applicable rules, legislation and regulations under which we operate. We maintain an open and co-operative relationship with the UK and Irish Tax Authorities, and pay the correct amount of tax as it falls due. Our tax strategy document is available on the James Latham plc Investor page under Corporate Governance.

The taxation charge of £7.6m represents an effective rate of 25.1%, compared with 19.3% last year. The group's profits arise mainly in the UK and the group's tax charge will reflect the UK corporation tax rate, currently 25.0% having risen from 19% on 1 April 2023.

### Earnings per share

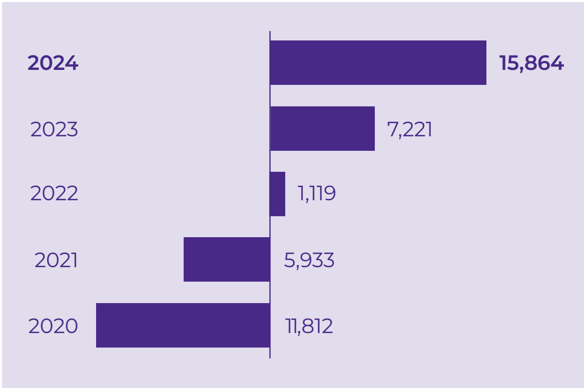
The group reported a total profit after tax of £22.7m (2023: £35.9m) resulting in a basic earnings per share of 112.7p (2023: 179.5p) with diluted earnings per share being 112.6p (2023: 179.2p). To put these results into context, this is the third highest profit the group has ever recorded.

### Pension scheme

At 31 March 2024 there was a surplus in the defined benefit scheme under International Financial Reporting Standards of £15.9m compared with a surplus of £7.2m last year. Interest rates have remained at the highest levels seen for many years, and this had a corresponding effect on discount rates, represented by yields on corporate bonds which increased to 4.9% from 4.7%. This helped reduce the valuation of pension scheme liabilities by £3.4m. Assets under management have increased by £2.0m to £68.4m due to good returns from growth assets in the portfolio. The trustees have reduced the amounts invested in growth assets in order to reduce the risk in the scheme.

The triennial valuation as at 31 March 2023 has been concluded during the year, which has shown a surplus of £10.0m at a funding rate of 118%. The company has paid in £2.0m of deficit recovery funding during the year. Due to the surplus in the scheme, the deficit recovery payments have now ceased and the group is taking a contribution holiday until the next triennial valuation. In note 20.2 to the accounts, we have provided some sensitivity analysis around the various assumptions used to illustrate this volatility, and details of the IFRIC 14 liability on a potential tax liability on the pension scheme surplus.

**IAS19 surplus/deficit £000's**




### Cash flow and working capital

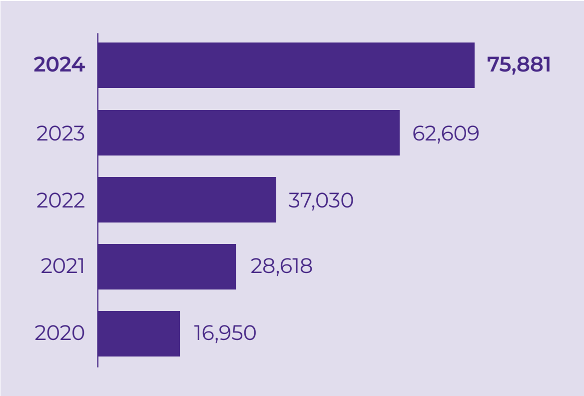
At the end of the year cash balances of £75.9m were held, up from £62.6m last year. The cash is being held as short term deposits providing funds for short term working capital fluctuations and allowing us to make capital investments when opportunities arise. The free cash flow, defined as per the table below, remains strong The board recognise that these levels of cash are significant now and actively review cash flows against anticipated investment plans over the medium term.

**Free Cash Flow**

| | **2024 '000's** | 2023 '000's |
|---|---|---|
| Operating Profit | **26,143** | 43,698 |
| Depreciation and other non cash movements | **2,266** | 42 |
| Change in working capital | **1,154** | (1,256) |
| Net interest received | **3,512** | 769 |
| Tax paid | **(5,943)** | (7,498) |
| Operating cash flow | **27,132** | 35,755 |
| Fixed Asset additions less disposals | **(5,528)** | (3,232) |
| Free cash flow | **21,604** | 32,523 |

With interest rates remaining high during the year, we have received more interest on our cash deposits, earning £3,560,000 this year compared with £822,000 in the previous financial year. We have also continued to use our cash to obtain cash settlement terms with most of our major suppliers allowing us to earn £2,519,000 of discounts received compared with £2,795,000 last year.

**Cash and Cash Equivalents**




Trade receivables have reduced to £58.7m (2023: £61.4m), with the provision for impairment up to £308,000 from £200,000. Control of cash flow from customers is closely monitored as an indicator of the health of the markets that we trade in. The key performance indicator of average debtors days, taking into account our credit terms, is relatively unchanged at 49.6 days compared with 49.9 days in the previous financial year. Bad debts this year were 0.11% against a budget of 0.4%, and 0.06% last year. In times of increasing pressure on business with interest rises and high inflation, this demonstrates the strength of our customer base. We work very closely with our credit insurers to ensure that as many of our major accounts as possible are covered. At the year end we had 93.8% (2023: 96.0%) of accounts owing over £40,000 covered by credit insurance.

Inventories have further reduced to £61.7m (2023: £67.5m), although volumes have increased slightly from 75,000m3 to 76,000m3. Stock turnover targets are set and monitored on a monthly basis. Senior management and all staff responsible for product areas have access to real time stock levels and targets. Our Supply Chain Team work with our suppliers to strengthen our supply chain and ensure we have inventory available when required by our customers. At 31 March 2024 stock turn based on volumes is 6.2 times (2023: 6.3 times) compared with our target of 6.5 times. There were no significant overstocked areas giving any concern to us at the year end, and stocks remained stable and well controlled throughout the year.

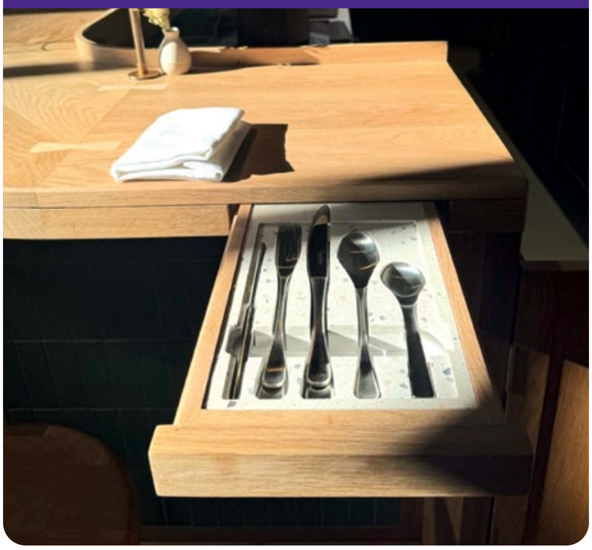
### Capital investment

We invested €2.4m in purchasing the long leasehold of the site in Dublin. This allows us increase the warehouse and office space at this depot, and continue to develop our business in the Republic of Ireland. We also invested £0.2m on adding a canopy extension to our Leeds depot and £0.1m on refurbishing our Purfleet depot. We invested £2.8m (2023: £0.8m) on the cyclical replacement of lorries and Combilift plant.

We undertook a major IT task this year in replacing our ERP system which enables us to take advantage of new technologies going forward. The first of these new technologies we are looking to introduce is a warehouse management system, which is planned to be installed in our first depot in early 2025. We have invested £0.1m in putting wifi into two of our warehouses to facilitate this project, which will make picking and identification of product a more efficient and accurate process. I am extremely grateful to my IT team who planned and managed a near seamless transition between systems, and the work involved in this cannot be underestimated.

**Morchella Restaurant, Clerkenwell**

They say the Devil is in the Detail, and this certainly rings true in Parker & Co's fit-out of the Morchella restaurant in Clerkenwell, London. Using diverse selection of our materials, from solid oak and oak veneers to HI-Macs® solid surfaces, Tim Parker's team showcased a series of intricate joinery skills, from laminating and thermoforming, to these exquisite cutlery drawers, hidden within the counters and tabletops.



# Strategic Report

## Financial Review

*Valchromat in Ottolenghi Test Kitchen by Studiomama.*

Net assets at the year end were £215.2m (2023: £195.6m). The group's pre-tax return on capital (defined as operating profit divided by net shareholders funds plus non current liabilities less non current pensions surplus and deferred tax) for the year was 12.1% (2023 21.7%). Whilst this is much reduced from last year, it has returned to the average return on capital that we were achieving prior to 2021, and is also affected by the cash balances which are earning base rate returns.

### Financial risk management

In the course of our business, the group is exposed to currency risk, interest rate risk, liquidity risk and credit risk. The overall aim of the group's financial risk management strategy is to mitigate any potential negative effects on the group's assets and profitability. The group manages these risks in accordance with group policies.

As the group trades predominantly in the UK and Ireland, the market price of our products tends to fluctuate in line with currency spot prices. Speculative positions on currencies are not entered into. Our LDT division can have stock tied up in kilns for six to nine months. We will enter into forward currency agreements to cover where customers are quoted a particular exchange rate.

The cash deposits and available bank facilities reduce our liquidity risk. Cash flow forecasts are monitored against actual cash flows to ensure that adequate facilities are maintained to meet the future needs of the business. The board reviews re-forecasted profits and cash flows on a quarterly basis.

Insurance products and external credit reference agencies help reduce our credit risk.

The Audit Committee reviews the group's risk register as part of its regular monitoring process.

I am very grateful for all the work that all my Head Office team has put in this year. They have embraced the new ERP system and have continued to provide a first class service to our customers and suppliers and to our depots.

**David Dunmow**
*Finance Director*

I believe that good corporate governance, involving risk appraisal and management, prudent decision making, communication with shareholders and other stakeholders and business efficiency, is important for the long term benefit of the stakeholders in our group. Good corporate governance guides the overall group strategy, and considers the risks and opportunities we face in considering the future success of the business.

As a board we have considered the 10 Principles of Corporate Governance contained within the Quoted Companies Alliance Corporate Governance Code 2018, and show below how we have applied these principles. I am responsible for ensuring that the group conducts its business paying due regard to each of the 10 principles. These principles have been communicated to the rest of the board through training and discussion at board meetings, and each board member is responsible for ensuring that the message passes down to all our employees. I also regularly visit our depots to ensure these principles are understood and maintained.

The 10 Principles are split into three areas, Deliver Growth, Maintain a Dynamic Management Framework and Build Trust. I can confirm that we have complied with all the Principles throughout the year.

The four Principles on Delivering Growth are considered within the Strategic Report starting on page 4.

## MAINTAIN A DYNAMIC MANAGEMENT FRAMEWORK

**Principle 5** – Maintain the board as a well-functioning, balanced team led by the chair.

### The Board of Directors

The company is currently governed by a board of directors consisting of myself as Chairman, three executive directors and two non-executive directors. Each director has a vote and no individual or small group of individuals dominates the board's decision making. There were no changes to the board during the year.

In the year to 31 March 2024, the board met 6 times, with all directors attending each meeting. The board meetings were held via a mixture of in person meetings and video conferencing which are just as effective as face to face meetings. In addition conference calls are held where matters which cannot wait for the next board meeting can be discussed. This included a strategy meeting where we looked forward for the next five years to consider investment plans and risks. In addition the executive directors have a monthly conference call to discuss the monthly management accounts and other matters of importance.

The non-executive directors are Fabian French and Paula Kerrigan. I consider that all non-executives are independent, as I consider that three terms of three years is the maximum amount of time that a non-executive director can serve before their independence is impaired. Fabian French is approaching the end of his third term of three years. I am very grateful for the good advice and counsel given to both me and the board during his tenure. We are actively looking for a new non executive director, and Fabian will continue for a year following this appointment to assist in their integration to the board. In addition to the scheduled meetings, the non-executives attend the group annual operational budget and strategy meeting, as well as making individual visits to operational sites, and assist in mentoring some key employees. Each non executive director is expected to give a time commitment of at least 12 days a year.

**Principle 6** – Ensure that between them the directors have the necessary up-to-date experience, skills and capabilities.

The directors' biographies are shown on page 39. Each executive director has many years experience within the James Latham Group at all levels. Each director has agreed responsibilities on the board, covering all aspects of the businesses including sales, procurement, operations, finance, HR and IT. As well as responsibilities to the plc board, Andrew Wright and Piers Latham are actively involved in the running of the Lathams Limited and Abbey Wood Agencies Limited business, the company's trading subsidiaries. All directors keep their skill sets up to date by training, discussions on market trends with customers and suppliers, involvement with trade and environmental organisations, and working closely with our IT, pensions and HR advisors. I believe the board works well together, challenging each other to constantly improve and move forward.

# Corporate Governance

## Corporate Governance Report

**Principle 7** – Evaluate board performance based on clear and relevant objectives, seeking continuous improvement.

Each director has a detailed job description showing their responsibilities on the board. I have regular meetings with each director to discuss the progress in the areas they are responsible for, and consider whether any further development or mentoring needs are necessary. Each director is subject to the formal appraisal process used throughout the group, and my appraisal is performed by the non-executive directors.

As a board we periodically review the running of the board, led by the non executive directors, to consider the effectiveness of the board and whether there are any gaps in skills on the board. This is mainly on an ad-hoc basis where major decisions are being made to ensure that the board has the skills to make informed judgements. Succession planning is key so that no member of the board becomes indispensable.

**Principle 8** – Promote a corporate culture that is based on ethical values and behaviours.


Our core values are Integrity, Shareholder Value, Empowerment, Sustainability and Customer Focus. The company and the Latham brand is well respected in its industry and amongst its customers and suppliers for its principled trading policies and its integrity. As such it is important for us to have a corporate culture based on these ethical values and behaviours. The annual report contains reports on corporate responsibility including environmental, health and safety, audit and remuneration committee reports and reports on our attitudes to risk.

The board regularly visit the depots to ensure that our core values are understood and are an integral part of depot life. The core values are actively promoted so that we maintain our culture of ethical, sustainable and safe working to achieve a fully inclusive, engaged and healthy workforce, and are an important part of the annual appraisal process.

**Principle 9** – Maintain governance structures and processes that are fit for purpose and support good decision-making by the board.

The board has a formal schedule of matters referred to it for decision, with at least one specific strategy meeting being held each year. Agendas and board packs are discussed and circulated in advance of the meetings to ensure that all directors have adequate time to research and take part in discussions on the key issues, as well as giving the non-executive directors time to add matters of their particular interest to the agenda.

The board is responsible for group strategy, corporate responsibility including health and safety and environmental issues, acquisition policy, bribery policy, approval of major capital expenditure and monitoring the key operational and financial risks. It also reviews the strategy and budgets for the trading subsidiaries and monitors the progress towards their long term objectives. All directors have access to the company secretary or to independent professional advice, if required, at the company's expense.

New directors receive training from the company NOMAD on their responsibilities under the AIM rules. Key financial information is circulated to directors on a monthly basis outside of the board meetings.

The board has decided that the directors will retire by rotation and the executive directors will be re-elected at least every three years.

*Curved fronts in Oak Veneered MDF.*

## Corporate Governance Report

*WoodEx engineered timber joinery at Corfe Castle.*

### The Audit Committee

The members of the Audit Committee are Fabian French, as Chair, and Paula Kerrigan. Andrew Wright and David Dunmow also attend the meetings of the committee. The committee meets at least three times a year to review internal controls and the risk register within the group, and receive reports from the external auditors and reports of internal audit tests carried out during the year. The duties of the Audit Committee include, on behalf of the board, a review of effectiveness of the group's financial reporting and internal control policies, and procedures for the identification, assessment and reporting of risk.

It also keeps under review the scope and results of the external audit, its cost effectiveness and the independence and objectivity of the external auditor, including recommending their re-appointment to the board. This includes a review of the non-audit work performed to ensure that such work would not impair their independence or objectivity in carrying out the audit.

Once a year the auditor meets with the non-executive directors only.

The group has established procedures whereby employees of the group may, in confidence, raise concerns relating to matters of potential fraud or other improprieties. These procedures also cover other issues affecting employees including health and safety issues. The Audit Committee is confident that these 'whistleblowing' arrangements are satisfactory and will enable the proportionate and independent investigation of such matters and appropriate follow-up action to be taken.

### Remuneration and Nominations Committee

The Remuneration and Nominations Committee, which meets twice a year, comprises Paula Kerrigan as Chair and Fabian French. The meetings were attended by Nick Latham and David Dunmow who provide information to the Committee when required.

The main function of the Committee is to make recommendations to the board regarding the group's policy on the remuneration and conditions of employment of the executive directors of the group, and, where appropriate, senior management, and includes considering nominations to the board. The Committee also discussed group pay and employment policy including reviewing diversity and equality, the gender pay gap report and succession planning.

The Committee has access to professional remuneration advice from outside of the company.

The Remuneration and Nominations Committee report is contained on page 40.

# Corporate Governance

## Corporate Governance Report

### BUILD TRUST

**Principle 10** – Communicate how the company is governed and is performing by maintaining a dialogue with shareholders and other relevant stakeholders.

We were pleased to welcome shareholders to the 2023 AGM in the Holiday Inn, Breakspear Way, Hemel Hempstead, adjacent to our new Head Office. This years AGM will be held on the 21 August 2024 at the same location.

The directors have a commitment to best practice in the group's external financial reporting in order to present a balanced and comprehensive assessment of the group's financial position and prospects to its shareholders, employees, customers, suppliers and other third parties. This commitment encompasses all published information including but not limited to the year end and half yearly accounts, regulatory news announcements and other public information.

The published annual report contain reports of the Audit and Remuneration and Nomination Committees.

The published information is held on our investor website at w**ww.lathamtimber.co.uk**.

Procedures for identifying, quantifying and managing the risks, financial or otherwise, faced by the group have been in place throughout the year under review. The processes for identifying and managing the key risks to the business are communicated regularly to all staff, who are made aware of the areas for which they are responsible. Such processes include strategic planning, maintenance and review of a risk register, the appointment of appropriately qualified staff, regular reporting and monitoring of performance against budgets and other performance targets, and effective control over capital expenditure.

The board has established systems of internal control as appropriate for the size of the group. The day to day operation of the system of internal control is under the control of executive directors and senior management. The system is designed to manage rather than eliminate risk. Any system of internal control can however only provide reasonable, but not absolute, assurance against material misstatement and loss. No material breaches of internal controls were reported during the year.

The directors confirm that they have reviewed the effectiveness of the system of internal control for the year under review and to the date of approval of the Annual Report and Accounts through the monitoring process described above.

**Nick Latham,** *Chairman* 8 July 2024

*Iroko garden screen by The Garden Trellis Co Ltd.*

# Directors and Advisors

## Directors' biographies

**Nick Latham BSc** *Chairman*
Nick Latham, age 56 has worked in the company for 32 years and was appointed to the board in 2007. He is responsible for Group Strategy, leading the board and ensuring its effective working. He provides advice to the Remuneration Committee. He is a board director of Timber Development UK (TDUK) and a former director of the Timber Research and Development Association.

**David Dunmow BSc FCA**
*Finance Director and Company Secretary*
David Dunmow, age 60, has worked in the company for 30 years and was appointed to the board as Finance Director in 2000. He is a Fellow of the Institute of Chartered Accountants in England and Wales. He is responsible for Head Office finance functions and IT and communications strategy. He is a director of Abbey Wood Agencies Limited, and provides advice to the Audit and Remuneration Committees. He is a former treasurer of the Timber Trade Federation. He is a Trustee of the James Latham plc Pension and Assurance Scheme.

**Andrew Wright** *Managing Director*
Andrew Wright, age 59, has worked in the company for 23 years and was appointed to the board in 2015. He is Managing Director, chairing the Lathams Limited board, and is responsible for sales and purchasing strategy and marketing. He also provides advice to the Audit Committee.

**Piers Latham BSc** *Executive Director*
Piers Latham, age 53 has worked in the company for 31 years and was appointed to the board in 2014. He is responsible for Operations, HR and Environmental, Social and Governance matters. He is a director of Lathams Limited, and Chairman of the Trustees of the James Latham plc Pension and Assurance Scheme.

**Fabian French MA** *Non-Executive Director*
Fabian French, age 65, was appointed a non-executive director in 2015. He chairs the Audit Committee and sits on the Remuneration and Nominations committee. He is a qualified solicitor and worked in corporate finance for major investment banks. He is a director of CCRTM Ltd, St. George's School Windsor, Royal Yacht Squadron Ltd and Trebartha Hydro Ltd, and is a previous director of Mithras Investment Trust plc.

**Paula Kerrigan** *Non-Executive Director*
Paula Kerrigan, age 52, was appointed a non-executive director in 2017. She has a wide variety of public company experience across multiple sectors. She sits on the Audit Committee and chairs the Remuneration and Nominations Committee. She has previously held C-suite operations, strategy and transformation roles at Saga plc, Greene King, SuperGroup plc and the Co-operative Group. Prior to that she spent 15 years at Kingfisher plc where she held a variety of roles including Finance and Strategy Director for B&Q in Asia and Delivering Value Director for B&Q in the UK.


*Nick Latham*


*David Dunmow*


*Andrew Wright*


*Piers Latham*


*Fabian French*


*Paula Kerrigan*

***Registrars***
Computershare Investor Services plc
The Pavilions
Bridgwater Road
Bristol BS13 8FB

***Bankers***
Royal Bank of Scotland
Major Corporate Banking
280 Bishopsgate
London EC2M 4RB

Virgin Money Corporate and Structured Finance
15th Floor
The Leadenhall Building
122 Leadenhall Street
London EC3V 4AB

***Stockbrokers and Nominated Adviser***
SP Angel Corporate Finance LLP
Prince Frederick House
35-39 Maddox Street
London W1S 2PP

***Pensions Advisors***
First Actuarial LLP
Network House
Basing View
Basingstoke
Hampshire RG21 4HG

***Independent Auditor***
RSM UK Audit LLP
25 Farringdon Street
London EC4A 4AB

***Registered Office***
James Latham plc
Unit C2 Breakspear Park
Breakspear Way
Hemel Hempstead
Herts HP2 4TZ

*Registered Number 65619*
*Registered in England and Wales*

# Directors' Remuneration Report

As Chairman of the Remuneration and Nominations Committee I am pleased to present the Directors Remuneration report.

This year inflation has remained high and cost of living pressures continued to affect colleagues from all around the group. We understand that we need to balance the need to control costs with the need to support our hard working and loyal workforce. Without their loyalty and hard work we would not have been able to achieve the results that we have, in a market that has proved challenging.

We pay the Real Living Wage which increased from £10.90 per hour to £12 per hour during the year, an increase of 10%. In addition to making these increases, we also considered the impact that this had on the salaries of those who are paid at slightly higher rates, to ensure that we maintained the differential for more senior and responsible jobs.

Pay rises for group employees are considered once a year, to apply from 1 December. The Remuneration Committee sets an overall maximum percentage pay rise, based on cost of living increases plus awards for promotion where relevant. This year the overall pay increase was 6.4%. The executive directors have their pay rises based on the same criteria as all other employees.

We also make other benefits available to all staff, including cash plans which help with covering medical expenses such as dental and optical, discounts on a range of resources to help well being, and make available an employee assistance programme, with confidential helplines for stress, financial and other medical issues.

## Remuneration Policy

The remuneration policy aims to ensure that all staff are fairly rewarded for their individual contributions to the performance of the group, with due regard for the interests of shareholders in achieving long term growth for the company. When setting individual pay, we look at their role and where it sits in the James Latham structure, undertake benchmarking exercises to review the external market, and review internally with others of equivalent roles to ensure equality across the group.

The directors remuneration package consists of basic salary, benefits (comprising car, private medical provision and cash plan benefits), pensions, annual bonus schemes, share option schemes and life assurance cover of 4 times gross salary.

## Performance related bonuses

All staff have the opportunity to earn a bonus based on the performance targets of their individual profit centres, which in the main reflect the performance of the individual depot that they work in. The challenging market conditions meant that this year most depots did not achieve sufficient profits to earn a bonus.

The performance related bonuses earned by executive directors are measured on the achievement of the sum of the individual profit centre's targets. These performance targets are set by the group's board of directors and agreed by the remuneration committee. The criterion on which the executive directors' bonuses were based in 2024 was the achievement of £29,388,000 operating profit, as measured in the depots management accounts. Maximum bonuses of 39.5% of basic salary are paid on achieving 130% of the target operating profit. The minimum bonus level is 1.3% paid on achieving 90% of target operating profit, below which nothing is earned. This year 92.0% of the target operating profit was achieved earning 1.3% of basic salary.

In addition to the performance related targets, a Group Bonus scheme pays out a bonus to all eligible members of staff, subject to achieving a minimum level of group profits. Whilst most depots did not achieve their targets, we have still achieved our third best year of profitability ever, and the Group Bonus is a way of rewarding the work of all staff who contributed towards this profit. This year the scheme is paying 9.62% of basic salary to 562 eligible employees.

None of the bonus schemes applicable to directors are affected by share price appreciation or depreciation. The directors participate in the company share option schemes, and details of any gains made on options exercised during the year are shown on pages 41 to 42.

### Pension Scheme
The James Latham plc Pension and Assurance Scheme, which is a final salary scheme, was closed to new entrants in 2003 and there remain 23 employees still accruing benefits in 2024. All other staff are eligible to join the defined contribution scheme which matches employee contributions up to 7.5%.

The executive directors are all members of the James Latham plc Pension and Assurance Scheme final salary scheme. The directors are required to contribute 8% of pensionable salary.

### Service Contracts
Following a review by the board of directors in 1996, the service contracts of executive directors were amended to incorporate a rolling 2 year notice period. This was considered by the board of directors to be a significant but reasonable reduction in their original 5 year contracts. In 2004, the directors agreed that any service contracts issued to new directors would be subject to a minimum 6 month notice period.

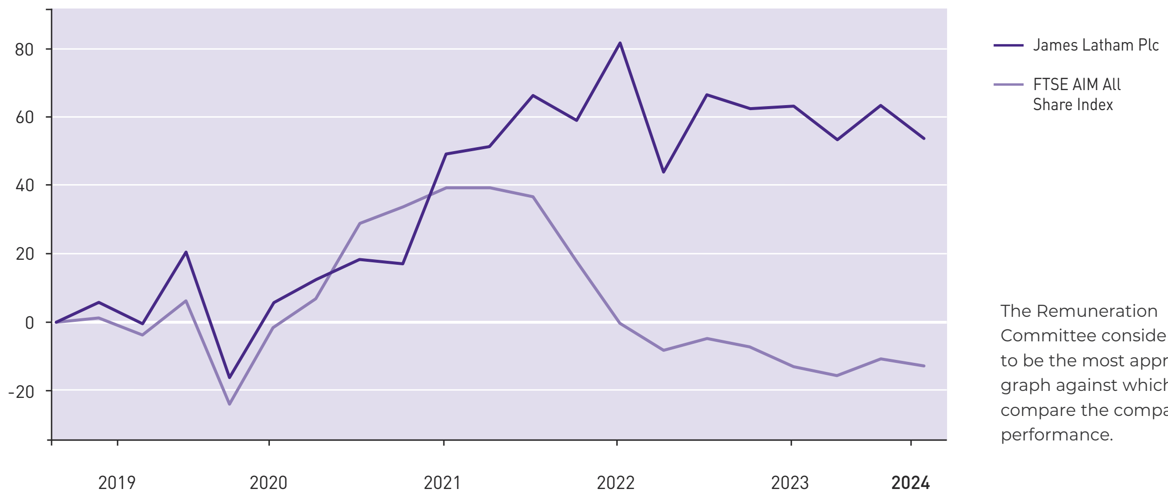
Executive director's contracts have no provisions for pre-determined compensation on termination that exceeds two years salary and benefits in kind.

*Accoya Cladding at Dublin City Council operations depot.*

### Remuneration of the non-executive directors
The remuneration of the non-executive directors is determined by the board. The non-executive directors do not receive a pension or other benefits from the group.

### Review of past performance
The graph below shows the company's total shareholder return performance against the total shareholder return performance of the AIM All Share Index for the five years ended 31 March 2024.

**James Latham plc total shareholder return**




The Remuneration Committee consider this to be the most appropriate graph against which to compare the company's performance.

# Directors’ Remuneration Report

## Directors’ emoluments

Details of the individual directors’ emoluments for the year were as follows:

| | | Salary and fees | Benefits | Bonus | Total emoluments excluding pensions | Share based payments | Pension contributions | TOTAL |
|---|---|---|---|---|---|---|---|---|
| | | £000 | £000 | £000 | £000 | £000 | £000 | £000 |
| ***Executive*** | | | | | | | | |
| N.C. Latham | **2024** | **250** | **1** | **28** | **279** | **1** | **56** | **336** |
| | 2023 | 236 | 1 | 113 | 350 | 3 | 56 | 409 |
| D.A. Dunmow | **2024** | **219** | **7** | **25** | **251** | **1** | **74** | **326** |
| | 2023 | 207 | 7 | 102 | 316 | 3 | 76 | 395 |
| P.F. Latham | **2024** | **212** | **1** | **23** | **236** | **1** | **47** | **284** |
| | 2023 | 200 | 1 | 95 | 296 | 3 | 46 | 345 |
| A.G. Wright | **2024** | **216** | **3** | **25** | **244** | **32** | **52** | **328** |
| | 2023 | 203 | 2 | 102 | 307 | 26 | 52 | 385 |
| ***Non-executive*** | | | | | | | | |
| P.L.F. French | **2024** | **41** | **-** | **-** | **41** | **-** | **-** | **41** |
| | 2023 | 39 | - | - | 39 | - | - | 39 |
| P. Kerrigan | **2024** | **41** | **-** | **-** | **41** | **-** | **-** | **41** |
| | 2023 | 39 | - | - | 39 | - | - | 39 |
| **Total** | | **979** | **12** | **101** | **1,092** | **35** | **229** | **1,356** |
| 2023 | | 924 | 11 | 412 | 1,347 | 35 | 230 | 1,612 |

## Directors’ shareholdings

There were no contracts with the company or its subsidiaries during the year in which any of the directors had a material interest, other than their service contracts. The directors’ holdings of the share capital at the end of the financial year were as follows:

| | | **31 March 2024** | | 31 March 2023 | |
|---|---|---|---|---|---|
| ***Directors*** | | **Ordinary shares** | **Preference shares** | Ordinary shares | Preference shares |
| N.C. Latham | Beneficial owner | **648,400** | **-** | 646,082 | - |
| D.A. Dunmow | Beneficial owner | **145,471** | **-** | 143,670 | - |
| P.F. Latham | Beneficial owner | **645,135** | **567** | 642,956 | 567 |
| A.G. Wright | Beneficial owner | **33,064** | **-** | 31,866 | - |
| P.L.F. French | Beneficial owner | **370,052** | **5,088** | 370,052 | 5,088 |
| P. Kerrigan | Beneficial owner | **-** | **-** | - | - |

### Company Share Option Scheme

Participation by the directors in the James Latham plc Approved Company Share Option Scheme 2008 is as follows:

| | Outstanding 1 April 2023 | Granted during the year | Exercised | Outstanding 31 March 2024 | Exercise price | Exercise period |
|---|---|---|---|---|---|---|
| N.C. Latham | 718 | - | (718) | - | £6.26 | 03.01.24 to 02.01.29 |
| | 466 | - | - | 466 | £9.65 | 23.12.24 to 22.12.29 |
| | 486 | - | - | 486 | £9.25 | 16.12.25 to 15.12.30 |
| | 357 | - | - | 357 | £12.60 | 11.12.26 to 10.12.31 |
| | 360 | - | - | 360 | £12.50 | 20.12.27 to 19.12.32 |
| | - | 500 | - | 500 | £12.01 | 22.12.28 to 21.12.33 |
| D.A. Dunmow | 718 | - | (718) | - | £6.26 | 03.01.24 to 02.01.29 |
| | 466 | - | - | 466 | £9.65 | 23.12.24 to 22.12.29 |
| | 486 | - | - | 486 | £9.25 | 16.12.25 to 15.12.30 |
| | 357 | - | - | 357 | £12.60 | 11.12.26 to 10.12.31 |
| | 360 | - | - | 360 | £12.50 | 20.12.27 to 19.12.32 |
| | - | 500 | - | 500 | £12.01 | 22.12.28 to 21.12.33 |
| P.F. Latham | 718 | - | (718) | - | £6.26 | 03.01.24 to 02.01.29 |
| | 466 | - | - | 466 | £9.65 | 23.12.24 to 22.12.29 |
| | 486 | - | - | 486 | £9.25 | 16.12.25 to 15.12.30 |
| | 357 | - | - | 357 | £12.60 | 11.12.26 to 10.12.31 |
| | 360 | - | - | 360 | £12.50 | 20.12.27 to 19.12.32 |
| | - | 500 | - | 500 | £12.01 | 22.12.28 to 21.12.33 |
| A.G. Wright | 718 | - | (718) | - | £6.26 | 03.01.24 to 02.01.29 |
| | 466 | - | - | 466 | £9.65 | 23.12.24 to 22.12.29 |
| | 486 | - | - | 486 | £9.25 | 16.12.25 to 15.12.30 |
| | 357 | - | - | 357 | £12.60 | 11.12.26 to 10.12.31 |
| | 360 | - | - | 360 | £12.50 | 20.12.27 to 19.12.32 |
| | - | 500 | - | 500 | £12.01 | 22.12.28 to 21.12.33 |

These options will only be exercised if the share price during the exercise period is in excess of the exercise price. Mr N.C. Latham, Mr D.A. Dunmow and Mr P.F. Latham made a gain of £3,942 and Mr A.G. Wright made a gain of £4,121 on options exercised during the year.

### Deferred Share Bonus Plan

Participation by the directors in the James Latham plc Deferred Share Bonus Plan is as follows:

| | Outstanding 1 April 2023 | Awarded during the year | Exercised | Outstanding 31 March 2024 | Exercise price | Award price | Vesting date |
|---|---|---|---|---|---|---|---|
| A.G. Wright | 3,363 | 111 | - | 3,474 | nil | £9.15 | 01.04.2024 |
| | 2,573 | 85 | - | 2,658 | nil | £12.15 | 01.04.2025 |
| | - | 2,763 | - | 2,763 | nil | £12.10 | 01.04.2026 |

No performance conditions or voting rights apply to these shares, but dividends will be reinvested into additional shares in the plan.

**Paula Kerrigan,**
*Chairman of the Remuneration Committee*

*8 July 2024*

# Directors' Report

The directors have pleasure in presenting their annual report and the audited accounts for the year ended 31 March 2024. In accordance with section 414c(11) of the Companies Act 2006, included in the Strategic Review is the review of financial risk management, future developments, carbon emission disclosures, employee policies and engagement policies with suppliers, customers and other stakeholders. This information would have been required by section 7 of the Large and Medium sized Companies and Groups (Accounts and Reports) Regulations 2008 to be contained in the Directors Report.

## Results and dividends

Group results for the year ended 31 March 2024 are set out on page 53. The directors recommend the following dividends:-

| Ordinary dividends | £000 |
|---|---|
| Interim dividend paid, 7.75 pence (2023: 7.25 pence) per ordinary share | 1,559 |
| Final dividend proposed, 71.0 pence (2023: 28.8 pence) per ordinary share | 14,314 |
| Total ordinary dividends, 78.75 pence (2023: 36.05 pence) per ordinary share | 15,873 |

The directors recommend payment of the final dividend on 23 August 2024 to shareholders on the register of members at the close of business on 2 August 2024.

## Balance sheet and post balance sheet events

The balance sheet on page 54 shows the group's financial position. No significant events have occurred since the balance sheet date.

## Directors

All directors of the company were directors throughout the year. Each director's biographical details are shown on page 39.

In compliance with the Articles of Association, Fabian French, Paula Kerrigan, David Dunmow and Andrew Wright will retire by rotation and, being eligible, offer themselves for re-election.

Other than their service contracts, no director has a material interest in any contract with the company. Fabian French and Paula Kerrigan, as non-executive directors, do not have a service contract with the company, but each has received a letter of appointment for a three year period. Details of directors' emoluments, pension rights, service contracts and the directors' interests in the ordinary shares of the company are included in the Directors' Remuneration Report on pages 40 to 43.

Article 168 of the company's Articles of Association gives the directors and officers of the company a right to be indemnified out of the assets of the company in respect of any liability incurred in relation to the affairs of the group to the extent the law allows.

The company has undertaken to comply with best practice on approval of directors' conflicts of interest. Under the Companies Act 2006 a director must avoid a situation where there is, or can be, an interest that may conflict with the company's interests. None of the directors had an interest in any contract to which the group was a party during the year.

The company maintained directors' and officers' liability insurance cover throughout the year.

## Share capital

Details of the share capital is shown in Note 21. Resolutions concerning the ability of the board to purchase the company's own shares and to allot shares and to dis-apply pre-emption rights are again being proposed at the Annual General Meeting.

The investment in own shares is detailed in Note 23 on page 85. During the year, the company purchased 5,000 £1 preference shares at £1.15 a share and now holds 5,208 preference shares in treasury. In addition the Trustees of the James Latham Employee Benefits Trust holds 35,084 shares with a view to being used for employee share schemes.


*Selection of panel products at our Dudley depot.*

## Share option schemes

On 21 August 2008, the shareholders approved by special resolution the establishment of the Company Share Option Scheme. During the year 20,250 options were issued at an option price of £12.01. In addition 12,699 options were exercised after being held for five years, 560 at an option price of £8.025 and 12,139 at an option price of £6.26.

In addition 2,763 shares were awarded under the Deferred Bonus Scheme 2010 at nil price to be exercised after 3 years.

## Employees

The strategic report on page 4 and 14 sets out the group's communication policies with our employees and our policy towards disability. This report shows how the directors engage with the group's employees, have regard to their interests and encourage them to contribute to the development of the group's trading and other policies.

## Substantial shareholdings

At 26 June 2024, the company had received notification under the Disclosure Transparency Rules that the holdings and voting rights exceeding the 3% notification threshold were as follows:

| | Number | % |
|---|---|---|
| Peter Latham | 1,216,289 | 6.03 |
| Close Asset Management Ltd | 1,015,112 | 5.04 |
| Robert Latham | 684,121 | 3.39 |
| Nick Latham | 648,400 | 3.22 |
| Piers Latham | 645,135 | 3.20 |

## Suppliers

The group recognises the important part our suppliers play in our trading success, including the development of new products, new markets and meeting our environmental targets. Regular meetings are held at the highest level with our key suppliers to ensure our trading and environmental requirements are understood and forming strategic partnerships to develop the markets.

Operating businesses are responsible for agreeing the terms and conditions under which business transactions with their suppliers are conducted. The group's policy is to pay suppliers in accordance with these terms. The group's creditor days at 31 March 2024 were 33 days (2023: 33 days). Payment practices and performance data for Lathams Limited is published at **https://check-payment-practices.service.gov.uk/company/00967247/reports**.

# Directors' Report

## Going concern
After making appropriate enquiries, the directors have a reasonable expectation that the company and the group have adequate resources to continue in operational existence for the foreseeable future. The directors confirm that the business is a going concern and that their assessment of the going concern position has been prepared in accordance with the Guidance on the Going Concern Basis of Accounting and Reporting On Solvency and Liquidity Risks published by the Financial Reporting Council in April 2016.

In arriving at their opinion, the directors considered:-

- The group's cash flow forecasts and revenue projections for the period to 31 July 2025
- Sensitivity of these projections to reasonable changes in trading conditions
- Cash and borrowing facilities available to the group
- Consideration of the principal risks and uncertainties outlined on pages 24 to 27.

## Political and charitable donations
During the year the group made no political contributions but made direct donations to various charitable organisations amounting to £63,079 (2023: £44,126). The group also made small donations of our products to a number of good causes and was involved in fund raising activities for the Timber Trades Benevolent Society.

## Financial instruments
A summary of the group financial instruments and related disclosures are set out in Note 27 to the group accounts and in the Financial Review on page 34.

## Provision of information to the auditor
In the case of each of the directors who are directors of the company at the date when this report was approved:

- So far as each of the directors is aware, there is no relevant audit information of which the company's auditor is unaware; and

- Each of the directors has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

## Auditor
A resolution to reappoint RSM UK Audit LLP as the company's auditor and to authorise the directors to fix their remuneration will be proposed at the Annual General Meeting. RSM UK Audit LLP has indicated its willingness to continue in office.

## Annual General Meeting
Shareholders receive more than 20 working days notice of the Annual General Meeting, where directors will be available for questions and a trading update provided.

The Annual General Meeting will be held at the Leverstock Suite, Holiday Inn, Breakspear Way, Hemel Hempstead, Herts, HP2 4UA on 21 August 2024 at 12.30pm. Last year all resolutions were passed with over 90% of the votes in favour.

This year the following items are to be proposed as special business, and the board recommends that the shareholders vote in favour of all resolutions put before the meeting.

**Resolution 8.** Directors authority to allot shares. This gives the board the power to allot ordinary shares or other securities, up to an aggregate nominal amount of £1,680,000 (or one third of the current ordinary shares).

**Resolution 9.** Dis-application of pre-emption rights. The Companies Act 2006 provides that when ordinary shares are being issued for cash, these shares must first be offered to existing shareholders on a pro rata basis. This resolution empowers the board to allot shares not exceeding 5% of the issued share capital, without offering to existing shareholders. The board only anticipates using this power in conjunction with the employee share schemes.

**Resolution 10.** Authority for the company to purchase its own shares. This gives the board the power to purchase up to 10% of the company's shares at a price not more than 105% of the average of the mid market price for the ten business days preceding the date of the purchase.

On behalf of the Board of Directors
**Nick Latham**
*Chairman* *8 July 2024*

# Statement of Directors' Responsibilities

The directors are responsible for preparing the Strategic Report, Directors Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare group and parent company financial statements for each financial year. The directors have elected under company law and are required by the AIM rules of the London Stock Exchange to prepare the group financial statements in accordance with UK adopted International Accounting Standards and have elected under company law to prepare the parent company financial statements in accordance with UK adopted International Accounting Standards and applicable law.

The group and parent company financial statements are required by law and UK adopted International Accounting Standards to present fairly the financial position and performance of the group and the company. The Companies Act 2006 provides in relation to such financial statements that references in the relevant part of that Act to financial statements giving a true and fair view are references to their achieving a fair presentation.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and the parent company and of the profit or loss of the group for that period.

In preparing each of the group and parent company financial statements, the directors are required to:

a. select suitable accounting policies and then apply them consistently;

b. make judgements and accounting estimates that are reasonable and prudent;

c. state whether they have been prepared in accordance with UK-adopted International Accounting Standards;

d. prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group's and parent company's transactions and disclose with reasonable accuracy at any time the financial position of the group and the parent company and to enable them to ensure that the financial statements comply with the requirements of the Companies Act 2006. They are also responsible for safeguarding the assets of the group and the parent company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the James Latham plc Investors website, **www.lathamtimber.co.uk/Investors**.

Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

On behalf of the Board of Directors
**Nick Latham**
*Chairman* *8 July 2024*

# Independent Auditor's Report

## To the members of James Latham plc

### Opinion
We have audited the financial statements of James Latham plc (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 March 2024 which comprise the Consolidated Income Statement, Consolidated Statement of Comprehensive Income, Consolidated and Company Balance Sheets, Consolidated Statement of Changes in Equity, Company Statement of Changes in Equity, Consolidated and Company Cash Flow Statements and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and UK-adopted International Accounting Standards and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

In our opinion:

- the financial statements give a true and fair view of the state of the group's and of the parent company's affairs as at 31 March 2024 and of the group's profit for the year then ended;
- the group financial statements have been properly prepared in accordance with UK-adopted International Accounting Standards;
- the parent company financial statements have been properly prepared in accordance with UK-adopted International Accounting Standards and as applied in accordance with the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

### Basis for opinion
We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group and parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed entities and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

| Summary of our audit approach | |
|---|---|
| **Key audit matters** | **Group**<br>• Inventory provision: valuation<br>**Parent company**<br>• No key audit matters |
| **Materiality** | **Group**<br>• Overall materiality: £1,580,000 (2023: £1,960,000)<br>• Performance materiality: £1,180,000 (2023: £1,470,000)<br>**Parent company**<br>• Overall materiality: £78,000 (2023: £77,700)<br>• Performance materiality: £58,500 (2023: £58,200) |
| **Scope** | Our audit procedures covered 97% of revenue, 96% of total assets and 98% of profit before tax. |

### Key audit matters
Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the group and parent company financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) we identified, including those which had the greatest effect on the overall audit strategy, the allocation of resources in the audit and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the group and parent company financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

| Inventory provision: valuation | |
|---|---|
| **Key audit matter description** | As set out in note 16 to the financial statements, the group carried inventory amounting to £61.7m at 31 March 2024 (2023: £67.5m) and details of the accounting policies applicable during the year are set out in notes 1.10 and 1.21. Provisioning is the element of the inventory balance which involves the highest degree of management judgement, and therefore risk of fraud, in arriving at the year-end inventory valuation. It is this aspect of the year-end inventory valuation that we have designated as a key audit matter as it absorbed a significant amount of audit resource. |
| **How the matter was addressed in the audit** | To audit the appropriateness of the provision against inventory, we:<br>• considered management's inventory provisioning policy in the light of:<br>- the requirements of IAS 2 Inventories<br>- the market for the group's products at the balance sheet date<br>- slower-moving inventory lines<br>• performed reliability testing on underlying inventory ageing data by testing a sample of sales orders and inventory receipts to supporting documentation to ensure that the transactions have been recorded accurately<br>• utilised data analytics to analyse the year end inventory value against post year end sales data, taking into account the impact of purchase rebates, in order to assess the extent of inventory lines sold at lower than cost. |

## Our application of materiality

When establishing our overall audit strategy, we set certain thresholds which help us to determine the nature, timing and extent of our audit procedures. When evaluating whether the effects of misstatements, both individually and on the financial statements as a whole, could reasonably influence the economic decisions of the users we take into account the qualitative nature and the size of the misstatements. Based on our professional judgement, we determined materiality as follows:

| | Group | Parent company |
|---|---|---|
| **Overall materiality** | £1,580,000 (2023: £1,960,000) | £78,000 (2023: £77,700) |
| **Basis for determining overall materiality** | 5.2% (2023: 4.4%) of profit before tax | 0.3% (2023: 0.5%) of net assets |
| **Rationale for benchmark applied** | Profit measure used for the trading activities of the group | Asset-based measure used for the parent company as it holds the investment in subsidiaries and has no trading activity of its own. |
| **Performance materiality** | £1,180,000 (2023: £1,470,000) | £58,500 (2023: £58,200) |
| **Basis for determining performance materiality** | 75% of overall materiality | 75% of overall materiality |
| **Reporting of misstatements to the Audit Committee** | Misstatements in excess of £79,000 and misstatements below that threshold that, in our view, warranted reporting on qualitative grounds. | Misstatements in excess of £3,900 and misstatements below that threshold that, in our view, warranted reporting on qualitative grounds. |

### An overview of the scope of our audit

The group consists of 17 components, based in the United Kingdom and Republic of Ireland.

| | Number of components | Revenue | Total assets | Profit before tax |
|---|---|---|---|---|
| **Full scope audit** | 2 | 97% | 96% | 98% |

Other group companies are dormant and have no trade.

### Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the directors' assessment of the group's and parent company's ability to continue to adopt the going concern basis of accounting included reviewing and evaluating managements cash flow forecast for the twelve months from anticipated approval of the financial statements and the results of sensitivity analysis as well as considering post year end results and cash positions.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's or the parent company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

### Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

### Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

### Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent company and their environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Directors' Report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

### Responsibilities of directors

As explained more fully in the directors' responsibilities statement , the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

### Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

### The extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities are instances of non-compliance with laws and regulations. The objectives of our audit are to obtain sufficient appropriate audit evidence regarding compliance with laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements, to perform audit procedures to help identify instances of non-compliance with other laws and regulations that may have a material effect on the financial statements, and to respond appropriately to identified or suspected non-compliance with laws and regulations identified during the audit.

In relation to fraud, the objectives of our audit are to identify and assess the risk of material misstatement of the financial statements due to fraud, to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud through designing and implementing appropriate responses and to respond appropriately to fraud or suspected fraud identified during the audit.

However, it is the primary responsibility of management, with the oversight of those charged with governance, to ensure that the entity's operations are conducted in accordance with the provisions of laws and regulations and for the prevention and detection of fraud.

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud, the group audit engagement team:

- obtained an understanding of the nature of the industry and sector, including the legal and regulatory framework that the group and parent company operate in and how the group and parent company are complying with the legal and regulatory framework;
- inquired of management, and those charged with governance, about their own identification and assessment of the risks of irregularities, including any known actual, suspected or alleged instances of fraud;
- discussed matters about non-compliance with laws and regulations and how fraud might occur including assessment of how and where the financial statements may be susceptible to fraud.

The most significant laws and regulations were determined as follows:

| Legislation/Regulation | Additional audit procedures performed by the Group audit engagement team included: |
|---|---|
| **UK-adopted IAS and Companies Act 2006** | • Review of financial statement disclosures and testing to supporting documentation<br>• Completion of disclosure checklists to identify areas of non-compliance. |
| **Tax compliance regulations** | • Inspection of any advice received from external tax advisers<br>• Inspection of any correspondence with local tax authorities<br>• Consideration of whether any matter identified during the audit required reporting to an appropriate authority outside the entity. |
| **UK timber regulations** | • Inquiry of management<br>• Inspection of board minutes and any legal and regulatory correspondence. |

The areas that we identified as being susceptible to material misstatement due to fraud were:

| Risk | Audit procedures performed by the audit engagement team: |
|---|---|
| **Revenue recognition: cut-off** | • Tested a sample of goods dispatched records either side of 31 March 2024, inspected supporting documentation and determined the appropriate accounting period in which each transaction in the sample should be recorded<br>• Tested a sample of credit notes raised in the month following the year end and determining whether they are indicative of an error or potential misstatement relating to revenue recorded in the year to 31 March 2024<br>• Investigated any discrepancies where revenue does not appear to have been recognised in the correct period according to the supporting documentation. |
| **Inventory provision: valuation** | • This is a key audit matter. Therefore, the procedures performed are described in the relevant section above. |
| **Management override of controls** | • Tested the appropriateness of journal entries and other adjustments<br>• Assessed whether the judgements made in making accounting estimates are indicative of a potential bias<br>• Evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business. |

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: **www.frc.org.uk/auditorsresponsibilities**. This description forms part of our auditor's report.

### Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's 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 and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

**William Farren FCA** *(Senior Statutory Auditor)*
For and on behalf of
**RSM UK Audit LLP**
*Statutory Auditor, Chartered Accountants*
25 Farringdon Street, London, EC4A 4AB

*8 July 2024*

## Consolidated Income Statement

*For the year ended 31 March 2024*

| £'000s | Notes | **2024** | 2023 |
|---|---|---|---|
| **Continuing Operations** | | | |
| **Revenue** | 2 | **366,514** | 408,370 |
| Cost of sales (including warehouse costs) | 3 | **(304,415)** | (328,361) |
| **Gross profit** | | **62,099** | 80,009 |
| Selling and distribution costs | 3 | **(24,225)** | (24,214) |
| Administrative expenses | 3 | **(11,731)** | (12,097) |
| **Operating profit** | | **26,143** | 43,698 |
| Finance income | 5 | **4,313** | 1,071 |
| Financing costs | 6 | **(194)** | (258) |
| **Profit before tax** | 3 | **30,262** | 44,511 |
| Tax expense | 7 | **(7,601)** | (8,593) |
| **Profit after tax attributable to owners of the parent company** | | **22,661** | 35,918 |
| Earnings per ordinary share (basic) | 9 | **112.7p** | 179.5p |
| Earnings per ordinary share (diluted) | 9 | **112.6p** | 179.2p |

## Consolidated Statement of Comprehensive Income

*For the year ended 31 March 2024*

| £'000s | Notes | **2024** | | 2023 | |
|---|---|---|---|---|---|
| Profit after tax | | | **22,661** | | 35,918 |
| Other comprehensive income that will not be reclassified subsequently to profit and loss: | | | | | |
| Actuarial gain on defined benefit pension scheme | 20.2 | **5,770** | | 1,407 | |
| Deferred tax relating to components of other comprehensive income | | **(1,442)** | | (632) | |
| Other comprehensive income that may be reclassified subsequently to profit and loss: Foreign translation charge | | **(252)** | | 233 | |
| Other comprehensive income for the year, net of tax | | | **4,076** | | 1,008 |
| Total comprehensive income attributable to the owners of the parent company | | | **26,737** | | 36,926 |

## Consolidated and Company Balance Sheet

*Company Registration Number 65619*

| *As at 31 March 2024* | | Group | | Company | |
|---|---|---|---|---|---|
| £'000s | Notes | **2024** | 2023 | **2024** | Restated 2023 |
| **Assets** | | | | | |
| **Non-current assets** | | | | | |
| Investments | 10 | **-** | - | **9,613** | 9,613 |
| Goodwill | 11 | **1,193** | 1,193 | **-** | - |
| Other intangible assets | 12 | **1,152** | 1,319 | **-** | - |
| Property, plant and equipment | 13 | **39,989** | 37,440 | **204** | 221 |
| Right-of-use-assets | 14 | **8,363** | 5,817 | **1,409** | 1,445 |
| Trade and other receivables | 17 | **789** | - | **-** | - |
| Retirement benefit surplus | 20 | **15,864** | 7,221 | **15,864** | 7,221 |
| **Total non-current assets** | | **67,350** | 52,990 | **27,090** | 18,500 |
| **Current assets** | | | | | |
| Inventories | 16 | **61,709** | 67,489 | **-** | - |
| Trade and other receivables | 17 | **64,757** | 66,782 | **5,277** | 157 |
| Cash and cash equivalents | | **75,881** | 62,609 | **3,137** | 203 |
| Tax receivable | | **-** | 490 | **935** | 1,014 |
| **Total current assets** | | **202,347** | 197,370 | **9,349** | 1,374 |
| **Total assets** | | **269,697** | 250,360 | **36,439** | 19,874 |
| **Current liabilities** | | | | | |
| Lease liabilities | 14 | **1,373** | 879 | **75** | 84 |
| Trade and other payables | 18 | **35,456** | 41,066 | **1,805** | 1,772 |
| Interest bearing loans and borrowings | 19 | **-** | - | **-** | 99 |
| Tax payable | | **408** | - | **-** | - |
| **Total current liabilities** | | **37,237** | 41,945 | **1,880** | 1,955 |
| **Non-current liabilities** | | | | | |
| Interest bearing loans and borrowings | 19 | **592** | 592 | **592** | 592 |
| Lease liabilities | 14 | **7,298** | 5,130 | **1,268** | 1,343 |
| Deferred tax liabilities | 15 | **9,340** | 7,118 | **3,947** | 1,787 |
| **Total non-current liabilities** | | **17,230** | 12,840 | **5,807** | 3,722 |
| **Total liabilities** | | **54,467** | 54,785 | **7,687** | 5,677 |
| **Net assets** | | **215,230** | 195,575 | **28,752** | 14,197 |
| **Capital and reserves** | | | | | |
| Issued capital | 21 | **5,040** | 5,040 | **5,040** | 5,040 |
| Share-based payment reserve | 22 | **152** | 124 | **152** | 124 |
| Capital reserve | | **398** | 398 | **395** | 395 |
| Retained earnings | | **209,640** | 190,013 | **23,165** | 8,638 |
| **Total equity attributable to shareholders of the parent company** | | **215,230** | 195,575 | **28,752** | 14,197 |

The comparative Company financial information has been restated (see note 28).

The Company's profit for the year was £17,309,000 (2023: £7,653,000). The entity has taken exemption from presenting its unconsolidated income statement under section 408 of the Companies Act 2006.

These accounts were approved and authorised for issue by the Board of Directors on 8 July 2024 and signed on its behalf by:
**N.C. Latham** and **D.A. Dunmow**

The consolidated and company notes on pages 58 to 95 form part of these accounts.

## Consolidated Statement of Changes in Equity

| | Attributable to owners of the parent company | | | | | |
|---|---|---|---|---|---|---|
| | Issued capital £'000 | Share-based payment reserve £'000 | Own shares £'000 | Capital reserve £'000 | Retained earnings £'000 | Total equity £'000 |
| Balance at 1 April 2022 | 5,040 | 387 | (873) | 398 | 159,019 | 163,971 |
| Profit for the year | - | - | - | - | 35,918 | 35,918 |
| Other comprehensive income: | | | | | | |
| Actuarial gain on defined benefit pension scheme | - | - | - | - | 1,407 | 1,407 |
| Deferred tax relating to components of other comprehensive income | - | - | - | - | (632) | (632) |
| Foreign translation charge | - | - | - | - | 233 | 233 |
| Total comprehensive income for the year | - | - | - | - | 36,926 | 36,926 |
| Transactions with owners: | | | | | | |
| Dividends | - | - | - | - | (6,825) | (6,825) |
| Exercise of options | - | (386) | 1,397 | - | 369 | 1,380 |
| Deferred tax on share options | - | (59) | - | - | - | (59) |
| Transfer to retained earnings | - | - | (524) | - | 524 | - |
| Share-based payment expense | - | 182 | - | - | - | 182 |
| Total transactions with owners | - | (263) | 873 | - | (5,932) | (5,322) |
| **Balance at 31 March 2023** | **5,040** | **124** | **-** | **398** | **190,013** | **195,575** |
| Profit for the year | - | - | - | - | 22,661 | 22,661 |
| Other comprehensive income: | | | | | | |
| Actuarial gain on defined benefit pension scheme | - | - | - | - | 5,770 | 5,770 |
| Deferred tax relating to components of other comprehensive income | - | - | - | - | (1,442) | (1,442) |
| Foreign translation charge | - | - | - | - | (252) | (252) |
| Total comprehensive income for the year | - | - | - | - | 26,737 | 26,737 |
| Transactions with owners: | | | | | | |
| Dividends | - | - | - | - | (7,348) | (7,348) |
| Exercise of options | - | (32) | - | - | 32 | - |
| Deferred tax on share options | - | (20) | - | - | - | (20) |
| Own shares movement | - | - | - | - | 206 | 206 |
| Share-based payment expense | - | 80 | - | - | - | 80 |
| Total transactions with owners | - | 28 | - | - | (7,110) | (7,082) |
| **Balance at 31 March 2024** | **5,040** | **152** | **-** | **398** | **209,640** | **215,230** |

# Financial Statements

## Company Statement of Changes in Equity

| | Attributable to owners of the parent company | | | | | |
|---|---|---|---|---|---|---|
| | Issued capital **£'000** | Share-based payment reserve **£'000** | Own shares **£'000** | Capital reserve **£'000** | Retained earnings **£'000** | Total equity **£'000** |
| Balance at 1 April 2022 | 5,040 | 387 | (873) | 395 | 6,142 | 11,091 |
| Profit for the year | - | - | - | - | 7,653 | 7,653 |
| Other comprehensive income: | | | | | | |
| Actuarial gain on defined benefit pension scheme | - | - | - | - | 1,407 | 1,407 |
| Deferred tax relating to components of other comprehensive income | - | - | - | - | (632) | (632) |
| Total comprehensive income for the year | - | - | - | - | 8,428 | 8,428 |
| Transactions with owners: | | | | | | |
| Dividends | - | - | - | - | (6,825) | (6,825) |
| Exercise of options | - | (386) | 1,397 | - | 369 | 1,380 |
| Deferred tax on share options | - | (59) | - | - | - | (59) |
| Transfer to retained earnings | - | - | (524) | - | 524 | - |
| Share-based payment expense | - | 182 | - | - | - | 182 |
| Total transactions with owners | - | (263) | 873 | - | (5,932) | (5,322) |
| **Balance at 31 March 2023** | **5,040** | **124** | **-** | **395** | **8,638** | **14,197** |
| Profit for the year | - | - | - | - | 17,309 | 17,309 |
| Other comprehensive income: | | | | | | |
| Actuarial gain on defined benefit pension scheme | - | - | - | - | 5,770 | 5,770 |
| Deferred tax relating to components of other comprehensive income | - | - | - | - | (1,442) | (1,442) |
| Total comprehensive income for the year | - | - | - | - | 21,637 | 21,637 |
| Transactions with owners: | | | | | | |
| Dividends | - | - | - | - | (7,348) | (7,348) |
| Exercise of options | - | (32) | - | - | 32 | - |
| Deferred tax on share options | - | (20) | - | - | - | (20) |
| Own shares movement | - | - | - | - | 206 | 206 |
| Share-based payment expense | - | 80 | - | - | - | 80 |
| Total transactions with owners | - | 28 | - | - | (7,110) | (7,082) |
| **Balance at 31 March 2024** | **5,040** | **152** | **-** | **395** | **23,165** | **28,752** |

The share-based payment reserve represents the movements associated with current employee share option schemes.

The capital reserve represents the cancellation of the preference shares.

## Consolidated and Company Cash Flow Statement

| *For the year ended 31 March 2024* | | Group | | Company | |
|---|---|---|---|---|---|
| £'000s | Notes | 2024 | Restated 2023 | 2024 | Restated 2023 |
| **Net cash flow from operating activities** | | | | | |
| Cash generated from/(used in) operations | 24 | **29,563** | 42,484 | **(6,861)** | (3,603) |
| Interest paid | | **(48)** | (53) | **(47)** | (48) |
| Income tax paid | | **(5,943)** | (7,498) | **514** | 1,717 |
| Net cash inflow/(outflow) from operating activities | | **23,572** | 34,933 | **(6,394)** | (1,934) |
| **Cash flows from investing activities** | | | | | |
| Interest received and similar income | | **3,560** | 822 | **204** | 46 |
| Dividend received | | **-** | - | **16,500** | 8,500 |
| Purchase of property, plant and equipment | | **(5,595)** | (3,304) | **(8)** | (200) |
| Proceeds from sale of property, plant and equipment | | **67** | 72 | **-** | - |
| Net cash (outflow)/inflow from investing activities | | **(1,968)** | (2,410) | **16,696** | 8,346 |
| **Cash flows from financing activities** | | | | | |
| Purchase of treasury shares | | **(6)** | - | **(6)** | - |
| Exercise of share options | | **212** | 1,380 | **212** | 1,380 |
| Lease liability payments | | **(1,190)** | (1,499) | **(127)** | (131) |
| Equity dividends paid | | **(7,348)** | (6,825) | **(7,348)** | (6,825) |
| Net cash outflow from financing activities | | **(8,332)** | (6,944) | **(7,269)** | (5,576) |
| **Increase in cash and cash equivalents for the year** | | **13,272** | 25,579 | **3,033** | 836 |
| **Cash and cash equivalents at beginning of year** | | **62,609** | 37,030 | **104** | (732) |
| **Cash and cash equivalents at end of year** | | **75,881** | 62,609 | **3,137** | 104 |
| Balance sheet cash and cash equivalents | | **75,881** | 62,609 | **3,137** | 203 |
| Bank overdraft in current liabilities (note 19) | | **-** | - | **-** | (99) |
| **Cash and cash equivalents at end of year** | | **75,881** | 62,609 | **3,137** | 104 |

The comparative figures have been restated and full details are shown in note 28.

## Notes forming part of the Group Accounts

### General information
James Latham plc is a public limited company incorporated and domiciled in the United Kingdom under the Companies Act 2006 and is listed on the AIM market. The nature of the group's operations and its principal activities are set out in the Strategic Review. The address of the registered office is Unit C2 Breakspear Park, Breakspear Way, Hemel Hempstead, Herts, HP2 4TZ

### 1. Summary of significant accounting policies
The principal accounting policies applied in the preparation of these consolidated and company accounts are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

### (a) Basis of preparation
These consolidated and company accounts have been prepared in accordance with UK-adopted International Accounting Standards and Companies Act 2006.

The accounts have been prepared under the historical cost convention except for forward contract financial instruments measured at fair value. The directors have prepared the financial statements on the going concern basis for the reasons set out on page 46. A summary of the more important group accounting policies, which have been applied consistently across the group, is set out below.

**New and amended standards that are effective for the current year**
A number of new or amended standards became applicable for the current reporting period and as a result the group and company has applied the following standards:

- IFRS17 Insurance Contracts (effective 1 January 2023)
- Amendments to IFRS 9 'Financial instruments' with IFRS 4 'Insurance Contracts' (Amendments to IFRS 4) (effective 1 January 2023)
- Amendments to IAS 1 'Classification of Liabilities as Current or Non-Current' (effective 1 January 2023)
- Amendments to IAS 1 and IFRS Practice Statement 2 'Disclosure of Accounting Policies' (effective 1 January 2023)
- Amendments to IAS 12 'Deferred Tax related to Assets and Liabilities arising from a Single Transaction' (effective 1 January 2023)
- Amendments to IAS 8 'Definition of Accounting Estimates' (effective 1 January 2023)

The above amendments did not have a material impact on the financial statements of the group or company.

**New standards, interpretations and amendments not yet effective**
At the date of authorisation of these financial statements, the following standards and interpretations which are issued but not yet effective or endorsed (unless otherwise stated), have not been applied:

- Amendment to IAS 1 – Non-current liabilities with covenants (effective 1 January 2024)
- Amendment to IFRS 16 – Leases on sale and leaseback (effective 1 January 2024)
- Amendment to IAS 7 and IFRS 7 – Supplier finance (effective 1 January 2024)
- Amendments to IAS 21 – Lack of Exchangeability (effective 1 January 2025)
- IFRS S1, General requirements for disclosure of sustainability-related financial information (effective 1 January 2024, subject to UK endorsement)
- IFRS S2 'Climate-related disclosures' (effective 1 January 2024, subject to UK endorsement)

The Directors do not expect the adoption of these standards and amendments to have a material impact on the Financial Statements.

### (b) Basis of consolidation
The consolidated accounts include the company and all its subsidiary undertakings (from the date of acquisition or to the date of disposal where applicable). Intra group sales and profits are eliminated on consolidation. The accounts of all subsidiary undertakings are made up to 31 March.

A subsidiary is an entity controlled, either directly or indirectly, by the company, where control is the power to govern the financial and operating policies of the entity so as to obtain benefit from its activities. The acquisition method of accounting is used to account for the acquisition of subsidiaries by the group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange. Acquisition costs are expensed in the period in which they are incurred.

### 1.1 Revenue recognition

Revenue comprises net sales to external customers exclusive of Value Added Tax. Revenue is recognised upon delivery to, or collection by, the customer as this is when the performance obligation in the contract is fulfilled and when control of the goods transfers to the customer. Revenue is shown net of customer rebates and after eliminating sales within the group.

For our credit customers, the payment falling will be due under our standard payment terms and any outstanding balance shown in trade receivables.

Where the Group has rebate agreements with its customers, revenues are calculated in accordance with the agreements in place and with the expectation that these amounts are not likely to reverse, only when there is a firm expectation that amounts have been fully earned under those agreements.

### 1.2 Segmental reporting

IFRS 8 "Operating Segments" requires operating segments to be identified on the basis of internal reporting of components of the group that are regularly reviewed by the chief operating decision maker, which the group considers to be the Chairman, to allocate resources to the segments and to assess their performance. Further information is available in note 2.

### 1.3 Operating profit

Operating profit consists of revenues and other operating income less operating expenses. Operating profit excludes net finance costs.

### 1.4 Functional and presentational currency

The presentation currency of the Group is sterling. All Group companies have a functional currency of Sterling (other than Abbey Wood Agencies Limited which has a functional currency of the Euro) consistent with the presentation of the Group's consolidated financial statements.

Amounts presented in the financial statements have been rounded to the nearest £'000.

### 1.5 Foreign currency translation

Transactions denominated in foreign currencies are recorded at the rates ruling on the date of the transaction. At each balance sheet date, monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date. Any gains or losses arising from the transactions are taken to the income statement.

In order to help manage its exposure to certain foreign exchange risks, the group enters into forward contracts. Gains and losses on forward contracts are recognised at fair value through the income statement.

### 1.6 Property, plant and equipment

Property, plant and equipment is stated at cost less depreciation. Depreciation on property, plant and equipment is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected life.

It is calculated at the following rates:

| | |
|---|---|
| Freehold buildings | - over 50 years |
| Long leasehold buildings | - over 50 years |
| Leasehold improvements | - over 5 to 15 years |
| Fixtures and fittings | - over 4 to 10 years |
| Plant, equipment and vehicles | - over 5 to 20 years |

Freehold land is not depreciated.

Estimated residual values and useful lives are reviewed annually and adjusted where necessary.

### 1.7 Impairment of non-current assets

Goodwill is reviewed annually for impairment. The carrying amounts of the group's other intangible assets and property, plant and equipment are reviewed at each balance sheet date to determine whether there is any indication of impairment. If such an indication exists, the asset's recoverable amount is estimated and compared to its carrying value. Where the asset does not generate cash flows that are independent from other assets, the group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where the carrying value exceeds the recoverable amount, a provision for the impairment loss is established with a charge being made to the income statement.

### 1.8 Goodwill

Goodwill on consolidation, being the excess of the purchase price over the fair value of the net assets of subsidiary undertakings at the date of acquisition is capitalised in accordance with IFRS 3 (revised) "Business combinations". Goodwill is tested annually for impairment, or more frequently when there is an indication that goodwill may be impaired. Goodwill is carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed in a subsequent period.

### 1.9.1 Intangible assets – Trademark

Acquired trademarks are shown at historical cost. Trademarks are considered to have a finite life and are carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method over the estimated useful life of 20 years.

### 1.9.2 Intangible assets – Customer lists

Acquired customer lists are shown at historical cost. Customer lists are considered to have a finite life and are carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method over the estimated useful life of 10 years.

## Notes forming part of the Group Accounts

### 1.10 Inventories
Inventories are stated at the lower of cost (including an appropriate proportion of attributable supplier rebates and discounts) and net realisable value.

Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses. Provision is made for obsolete or slow moving inventories where appropriate.

The cost of inventories is based on the weighted average principle.

### 1.11 Financial instruments
Financial assets and financial liabilities are recognised on the group's balance sheet when the group has become party to the contractual provisions of the instrument. Subsequent measurement of all recognised financial assets within the scope of IFRS 9 are required to be measured at amortised cost or fair value on the basis of the group's business model for managing financial assets and their contractual cash flows. Where assets are measured at fair value, gains and losses are recognised through profit or loss (fair value through profit or loss, "FVTPL").

### 1.11.1 Trade and other receivables
Trade receivables are classified as financial assets at amortised cost and are initially recognised at fair value. They are subsequently measured at their amortised cost using the effective interest method less any provision for impairment. For trade receivables, the group uses the simplified approach permitted by IFRS 9 which requires expected lifetime losses to be recognised from initial recognition of receivables.

The Company's group receivables represent trading balances and interest free amounts advanced to other group companies with no fixed repayment terms. The measurement of impairment losses depends on whether the financial asset is 'performing', 'underperforming', or 'non-performing' based on the company's assessment of increases in the credit risk of the financial asset since its initial recognition and any events that have occurred before the year end which have a detrimental impact on cash flows. In assessing whether credit risk has increased significantly, the company compares the risk of default at the year-end with the risk of default when the receivable was originally recognised using reasonable and supportable past and forward-looking information that is available. No impairment has been recognised against amounts due from fellow subsidiaries at 31 March 2024 or 31 March 2023, as any expected credit losses are not material.

### 1.11.2 Cash and cash equivalents
Cash and cash equivalents comprise cash in hand and at bank and other short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. The carrying amount of these assets approximates their fair value.

### 1.11.3 Financial liabilities and equity
Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the group after deducting all of its liabilities.

### 1.11.4 Bank borrowings
Interest-bearing bank loans are recorded initially at their fair value, net of direct transaction costs. Such instruments are subsequently carried at their amortised cost and finance charges, including premiums payable on settlement or redemption, are recognised in the income statement over the term of the instrument using an effective rate of interest.

### 1.11.5 Trade payables
Trade payables are initially recognised at fair value and subsequently at amortised cost using the effective interest method.

### 1.11.6 Equity instruments
Equity instruments issued by the group are recorded at the proceeds received, net of direct issue costs.

### 1.11.7 Derivative financial instruments
The group's activities expose the entity primarily to foreign currency and interest rate risk. The group uses foreign exchange forward contracts and fixed rate bank loans to help manage these exposures. The group does not use derivative financial instruments for speculative purposes.

Derivative financial instruments are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair value.

Foreign currency forward contracts and fixed rate bank loans are not designated effective hedges and so are marked to market at the balance sheet date, with any gains or losses being taken through the income statement.

### 1.12 Current and deferred income tax

Current tax is the expected tax payable on taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustments to tax payable in respect of previous years.

Deferred tax expected to be payable or recoverable on differences at the balance sheet date between the tax bases and liabilities and their carrying amounts for financial reporting purposes is accounted for using the liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences, and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible differences can be utilised.

Deferred tax is calculated at the rates of taxation which are expected to apply when the deferred tax asset or liability is realised or settled, based on the rates of taxation enacted or substantively enacted at the balance sheet date.

### 1.13 Leased assets

**The Group as a Lessee**

For any new contracts entered into, the Group considers whether a contracts is, or contains a lease. A lease is defined as 'a contract, or part of a contract, that conveys the right to use an asset for a period of time in exchange for consideration'

**Measurement and recognition of leases as a lessee**

At lease commencement date, the Group recognises a right-of-use asset and lease liability on the balance sheet. A right-of-use asset is recognised at commencement of the lease and initially measured at the amount of the lease liability, plus any incremental costs of obtaining the lease and any lease payments made at or before the leased asset is available for use by the Group. The right-of-use asset is subsequently measured at cost less accumulated depreciation and any accumulated impairment losses. The Group depreciates the right-of-use asset on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The Group also assesses the right-of-use asset for impairment when such indicators exist.

At the commencement date, the Group measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease if that rate is readily available or the Group's incremental borrowing rate.

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest.

Where leases are twelve months or less or of low value, payments made are expensed evenly over the period of the lease.

### 1.14 Dividend distribution

Dividend distribution to the company's shareholders is recognised as a liability in the group's financial statements in the period in which the dividends are approved by the company's shareholders.

### 1.15 Retirement benefit costs

Retirement benefit costs are accounted for in accordance with IAS 19 (revised) "Employee benefits". Full details of the basis of calculation of the net pension asset disclosed in the balance sheet at 31 March 2024, and of the amounts charged/credited to the income statement and equity, are set out in note 20 to the accounts.

The cost of the defined benefit scheme is determined using the projected unit credit method with actuarial valuations being carried out at the end of each reporting period. The current service cost represents the increase in the present value of the plan liabilities expected to arise from employee service in the current period. Past service costs resulting from enhanced benefits are recognised at the earlier of the date when a plan amendment or curtailment occurs and the date when an entity recognises any termination benefits, or related restructuring costs under IAS 37 Provisions, Contingent Liabilities and Contingent Assets. Interest cost represents a net interest cost on the net defined benefit liability. Gains and losses on curtailments or settlements are recognised in the income statement in the period in which the curtailment or settlement occurs.

Actuarial gains and losses, which represent differences between the expected and actuarial returns on the plan assets and the effect of changes in actuarial assumptions, are recognised in the statement of comprehensive income in the period in which they occur.

The retirement benefit obligation recognised in the balance sheet represents the present value of the defined benefit obligation, as reduced by the fair value of scheme assets. Any asset resulting from the calculation is limited to the present value of available refunds and reductions in future contributions to the plan. Where the Group is considered to have a contractual obligation to fund the pension scheme above the accounting value of the liabilities, an onerous obligation is recognised.

Pension payments to the group's defined contributions schemes are charged to the income statement as they arise.

## Notes forming part of the Group Accounts

### 1.16 Share-based payment

The group has applied the requirements of IFRS 2 “Share-based payment” which requires the fair value of share-based payments to be recognised as an expense.

Certain employees receive remuneration in the form of share options. The fair value of the equity instruments granted is measured on the date at which they are granted by using the Black-Scholes model, and is based on the group’s estimate of the number of options that will eventually vest. The fair value is expensed in the income statement over the vesting period.

### 1.17 Treasury shares

Treasury shares are shown at historical cost, and deducted from retained earnings directly in equity.

### 1.18 Employee Share Ownership Plan (ESOP)

Own shares represent the company’s own shares that are held by the group sponsored ESOP trust in relation to the group’s employees share schemes. Own shares are deducted at cost in arriving at shareholders’ equity and gains and losses on their sale or transfer are recognised directly in equity. ESOP is treated separately and consolidated in the group and company accounts.

### 1.19 Government grants

Grants received from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the group will comply with all attached conditions.

### 1.20 Investments in subsidiaries

Investments in subsidiaries are stated at cost less accumulated impairment losses in the Company’s balance sheet.

### 1.21 Accounting estimates and judgements

The directors have considered the accounting estimates and judgements used in the financial statements to assess whether suitable accounting policies have been adopted. The significant accounting estimates with a significant risk of a material change to the carrying value of assets and liabilities within the next year in terms of IAS1 ‘Presentation of Financial Statements’ are considered to be the actuarial valuations of the Defined Benefit Pension scheme as shown in the table below:-

| | | |
|---|---|---|
| **Defined Benefit pension scheme** | At 31 March 2024 the Group’s balance sheet included a net asset position of £15.9m in respect of its defined benefit pension scheme.<br><br>Due to the inherent uncertainty involved in making assumptions and estimates, including in respect of the estimation of the impact of IFRIC 14 on the recognised asset/liability, actual outcomes could differ from those assumptions and estimates. | The directors engage an actuary to produce the calculations under IAS19, and agree a set of assumptions to be used in the calculation.<br><br>These calculations are discussed and explanations given on the reasons for using the assumptions, of which the key assumptions are discount rate, inflation and life expectancy. Sensitivity analysis is also undertaken on changes to these assumptions.<br><br>The maximum surplus available has been calculated on the basis that the surplus recoverable by the company is in the form of both refunds and reductions in future contributions<br><br>Having considered these factors, the directors concluded that the calculations were prepared on a reasonable and consistent basis and made acceptable estimates. Further information is disclosed in Note 20 to the accounts. |

The consolidated financial statements include other areas of judgement and accounting estimates, which do not meet the definition of significant accounting estimates under IAS1. These are set out in the table below:

| Judgement and accounting estimate | Issue and nature of judgement or accounting estimate | Factors considered and conclusions reached |
|---|---|---|
| **Inventory valuation** | Inventory should be included on the Group's balance sheet at the lower of cost and net realisable value. At 31 March 2024 the Group's inventory was valued at £61.7m.<br><br>The determination of net realisable value involves making judgements on obsolete and slow moving inventories. The inventories impairment charge for the year is £1.5m. | The directors reviewed the calculations on the provision for obsolete and slow moving inventories, which takes into account the age and activity of each individual product line.<br><br>Having reviewed the provisions, the directors concluded that the calculations were prepared on a consistent basis and are a reasonable judgement on obsolete and slow moving inventories. Further information is included in note 16 to the accounts. |
| **Right of Use assets** | Right of use assets should be included on the Group's balance sheet according to the principles set out in IFRS16. Right of use assets at 31 March 2024 are £8.4m.<br><br>IFRS16 requires the Group to make judgements as to the length of a lease. A change to the judgement on the length of the lease would affect the valuation of the right of use asset and associated lease liability. | The inclusion of a lease extension or lease break period in the lease term requires a judgement to be made on the lease term to be used in the IFRS16 calculations. The directors considered each lease, the lease extension or lease break clauses, the profitability of the site and the current expectation regarding the future use of that site.<br><br>The directors have reviewed these judgements and concluded that a reasonable judgement has been made on the length of the lease term. |
| **Lease liabilities** | Lease liabilities are measured at the present value of lease payments to be made using a suitable discount rate at the lease commencement date. Lease liabilities on the Group's balance sheet at 31 March 2024 are £8.7m.<br><br>IFRS16 requires the Group to make an estimate of the appropriate discount rate to use. | The directors have considered each lease and the discount rate used to calculate the present value, and have concluded that these calculations have been prepared using an appropriate discount rate.<br><br>Further information is available in note 14 to the accounts. |

### 2. Business and geographical segments

For management purposes, the group is organised into one trading division, that of timber importing and distribution, carried out in each of the twelve locations trading predominantly in the United Kingdom and the Republic of Ireland.

| The geographical turnover is as follows: | 2024 £'000 | 2023 £'000 |
|---|---|---|
| Republic of Ireland | **14,237** | 17,079 |
| Rest of Europe | **2** | 68 |
| United Kingdom | **352,275** | 391,223 |
| | **366,514** | 408,370 |

In each location, turnover and gross margin is reviewed separately for Panel Products (including ATP) and Timber (including Flooring and LDT). Most locations sell both products groups, except in the London region where for operational efficiency Panel Products and Timber are sold from separate locations. Resources are allocated and employees incentivised on the basis of the results of their individual location and not on the basis of a product group.

Whilst there are regional differences in the relative importance of product groups and classes of customer, each location is considered to have similar economic characteristics and so can be aggregated into one segment. We therefore consider there is one business segment and one geographic segment.

All revenue is recognised at a point in time for both financial years.

### 3. Profit before tax

Profit for the year has been arrived at after taking into account the following charges/(credits):

| | 2024 £'000 | 2023 £'000 |
|---|---|---|
| Employee remuneration (note 4) | **28,128** | 27,835 |
| Net foreign exchange (gains)/losses | **(386)** | 324 |
| Cost of inventories recognised as an expense and included in 'cost of sales' in the consolidated income statement | **286,393** | 306,779 |
| Depreciation of property, plant and equipment (note 13) | **3,014** | 2,773 |
| Depreciation of right-of-use assets (note 14) | **1,090** | 1,232 |
| Loss/(profit) on disposal of property, plant and equipment | **35** | (46) |
| Amortisation of intangible assets (note 12) | **167** | 168 |
| Fees payable to the company's auditors for the audit of the consolidated and parent company accounts | **20** | 17 |
| Fees payable to the company's auditors and its associates for other services: | | |
| The audit of the company's subsidiary pursuant to legislation | **178** | 151 |
| Fees in relation to the audit of the James Latham plc Pension and Assurance Scheme | **16** | 15 |
| Other expenses | **21,716** | 25,424 |
| Total cost of sales, Distribution costs and Administrative expenses | **340,371** | 364,672 |

### 4. Information regarding employees

The monthly average number of persons, including directors, employed by the group during the year was as follows:

| | Group | | Company | |
|---|---|---|---|---|
| | 2024 Number | 2023 Number | 2024 Number | 2023 Number |
| Management and administration | 77 | 77 | 30 | 30 |
| Warehousing | 219 | 210 | - | - |
| Selling | 165 | 158 | - | - |
| Distribution | 104 | 98 | - | - |
| | 565 | 543 | 30 | 30 |

| The aggregate payroll costs of these employees were as follows: | £'000 | £'000 | £'000 | £'000 |
|---|---|---|---|---|
| Wages and salaries | 23,037 | 22,494 | 1,998 | 2,274 |
| Social security costs | 2,458 | 2,477 | 235 | 281 |
| Apprenticeship levy | 101 | 95 | 10 | 10 |
| Pension costs | 2,452 | 2,587 | 2,180 | 4,842 |
| Share-based payment | 80 | 182 | 182 | 182 |
| | 28,128 | 27,835 | 4,605 | 7,589 |

Of the above payroll costs, £8,061,000 (2023: £7,698,000) is included in cost of sales, £13,648,000 (2023: £13,119,000) is included in selling and distribution costs, and £6,419,000 (2023: £7,018,000) is included in administrative expenses in the income statement.

### 5. Finance income

| | 2024 £'000 | 2023 £'000 |
|---|---|---|
| On pension surplus | 753 | 249 |
| Bank deposit interest | 3,560 | 822 |
| Interest receivable | 4,313 | 1,071 |

The interest received is on bank deposits.

### 6. Financing costs

| | 2024 £'000 | 2023 £'000 |
|---|---|---|
| On bank loans and overdrafts | 1 | 5 |
| Interest on lease liabilities | 146 | 205 |
| On 8% Cumulative Preference shares | 47 | 48 |
| | 194 | 258 |

The interest payable on bank loans and overdrafts is payable on balances with a maturity analysis of less than 6 months at the balance sheet date and interest on all other interest payments are based on balances with a maturity analysis of over five years at the balance sheet date.

# Notes forming part of the Group Accounts

### 7. Tax expense

| | 2024 £'000 | 2023 £'000 |
|---|---|---|
| The charge for taxation on profit comprises: | | |
| Current year: | | |
| UK corporation tax at 25% (2023: 19%) | 6,841 | 7,359 |
| Prior year | - | (769) |
| Deferred taxation - post employment benefits | 701 | 1,208 |
| - prior year | - | 769 |
| - other | 59 | 26 |
| | 7,601 | 8,593 |
| Profit before taxation | 30,262 | 44,511 |
| Tax at 25% (2023: 19%) | 7,566 | 8,457 |
| Tax effect of expenses/credits that are not deductible/ taxable in determining taxable profit | 56 | 86 |
| IBAs derecognised in current year | (23) | (21) |
| Prior year – corporation tax | - | (769) |
| Prior year – deferred tax | - | 769 |
| Other | 2 | 71 |
| Total tax charge | 7,601 | 8,593 |

### 8. Dividends

| | 2024 | | 2023 | |
|---|---|---|---|---|
| | £'000 | £'000 | £'000 | £'000 |
| Ordinary dividends: | | | | |
| Final 28.8p per share paid 25 August 2023 (2022: 27.0p) | 5,789 | | 5,380 | |
| Interim 7.75p per share paid 26 January 2024 (2023: 7.25p) | 1,559 | | 1,445 | |
| | | 7,348 | | 6,825 |

The Directors propose a final dividend for 2024 of 71.0p per share, that, subject to approval by the shareholders, will be paid on 23 August 2024 to shareholders on the register on 2 August 2024.

Based on the number of shares currently in issue, the final dividend for 2024 is expected to absorb £14,314,000.

As reported in note 20.3 in the financial statements for the year ended 31 March 2023, a restatement of the Company balance sheet to include the defined benefit pension scheme resulted in James Latham plc paying dividends between the years ended 31 March 2016 and 31 March 2023 which management have determined subsequently were not in full compliance with the Companies Act 2006. The directors have taken legal advice on this matter which has concluded that no further steps are required to be taken to disclose, remedy or rectify the events which have happened and the directors have put in place additional checks to ensure that there are sufficient distributable reserves in the parent company before future dividends are paid.

### 9. Earnings per ordinary share

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

| | 2024 ’000 | 2023 ’000 |
|---|---|---|
| Profit attributable to ordinary equity holders | **22,661** | 35,918 |
| Issued ordinary share capital | **20,160** | 20,160 |
| Less: weighted average number of own shares held in treasury | **–** | (105) |
| Less: weighted average number of own shares held in ESOP Trust | **(48)** | (46) |
| Weighted average share capital | **20,112** | 20,009 |
| Add: dilutive effects of share options issued | **14** | 31 |
| Weighted average share capital for diluted earnings per ordinary share calculation | **20,126** | 20,040 |
| Earnings per ordinary share (basic) | **112.7p** | 179.5p |
| Earnings per ordinary share (diluted) | **112.6p** | 179.2p |

### 10. Fixed asset investments – Company

| | Subsidiary undertakings £’000 |
|---|---|
| Shares: | |
| At 1 April 2022, 2023 and 31 March 2024 | 9,613 |

Details of subsidiary companies are given below:

| Name | Country of incorporation | Class of shares | Percentage of ownership | Principal activity |
|---|---|---|---|---|
| Lathams Limited | England and Wales | £1 Ordinary | 100% | Importing and distribution of timber and panel products |
| Abbey Wood Agencies Limited * | Repubic of Ireland | €1.27 Ordinary | 100% | Importing and distribution of timber and panel products |
| James Latham Trustee Limited | England and Wales | £1 Ordinary | 100% | Corporate Trustee Company |
| LDT Westerham Limited | England and Wales | £1 Ordinary | 100% | Dormant |
| Baüsen Limited | England and Wales | £1 Ordinary | 100% | Dormant |
| James Latham (Midland & Western) Limited* | England and Wales | £1 Ordinary | 100% | Dormant |
| Advanced Technical Panels Limited* | England and Wales | £1 Ordinary | 100% | Dormant |
| Latham Timber Centres (Bridgwater) Limited | England and Wales | £1 Ordinary | 100% | Dormant |
| James Latham (Warehousing) Limited | England and Wales | £1 Ordinary | 100% | Dormant |
| Sarcon (No. 155) Limited | Northern Ireland | £1 Ordinary | 100% | Dormant |
| I.J.K. Timber Group Limited | England and Wales | £1 Ordinary | 100% | Importing and distribution of timber and panel products |
| Irvin and Sellers Limited* | Northern Ireland | £1 Ordinary | 100% | Dormant |
| Keizer Venesta Limited* | Northern Ireland | £1 Ordinary | 100% | Dormant |
| Northern Hardwoods Limited* | Northern Ireland | £1 Ordinary | 100% | Dormant |
| William Davidson (Timber) Limited* | Northern Ireland | £1 Ordinary | 100% | Dormant |

* Indirectly held.

All companies operate within the United Kingdom and the Republic of Ireland and their registered office is at Unit C2 Breakspear Park, Breakspear Way, Hemel Hempstead, Herts, HP2 4TZ except for Sarcon (No. 155) Limited, Irvin and Sellers Limited, Keizer Venesta Limited, Northern Hardwoods Limited and William Davidson (Timber) Limited whose registered office is 24-28 Duncrue Street, Belfast, Co Antrim, Northern Ireland, BT3 9AR.

### 11. Goodwill – Group

| | Goodwill £'000 |
|---|---|
| Cost: | |
| **At 1 April 2022** | **1,497** |
| Additions | - |
| **At 1 April 2023** | **1,497** |
| Additions | - |
| **At 31 March 2024** | **1,497** |
| | |
| Impairment | |
| **At 1 April 2022** | **125** |
| Charge for impairment during the year | 179 |
| At 1 April 2023 | 304 |
| Charge for impairment during the year | - |
| **At 31 March 2024** | **304** |
| Net book value | |
| **At 31 March 2024** | **1,193** |
| At 31 March 2023 | 1,193 |
| At 31 March 2023 | 1,372 |

In accordance with the group's accounting policy the carrying value of goodwill is reviewed annually for impairment. The review entails an assessment of the present value of projected return from an asset over a period of 5 years. The pre-tax discount rate used is the group's estimated weighted average cost of capital which is currently 6% (2023: 6%). The key assumptions in the impairment review used an annual growth rate in gross margins of 5.5% (2023: 5.5%) with a perpetuity rate of 2% (2023: 2%).

The year end review did not result in the impairment of goodwill as the estimated recoverable amount exceeded the carrying value. No reasonable change in the assumed growth rates would cause an impairment to the assets. The recoverable amount of the cash generating unit to which the goodwill has been allocated is determined based on value-in-use calculations.

### 12. Other intangible assets – Group

| | Trademark £'000 | Customer Lists £'000 | Total £'000 |
|---|---|---|---|
| Cost: | | | |
| **At 1 April 2022 and 2023** | **1** | **2,016** | **2,017** |
| Additions on acquisition | - | - | - |
| **At 31 March 2024** | **1** | **2,016** | **2,017** |
| Amortisation | | | |
| **At 1 April 2022** | **-** | **530** | **530** |
| Charge for the year | - | 168 | 168 |
| **At 1 April 2023** | **-** | **698** | **698** |
| Charge for the year | - | 167 | 167 |
| **At 31 March 2024** | **-** | **865** | **865** |
| Net book value | | | |
| **At 31 March 2024** | **1** | **1,151** | **1,152** |
| At 31 March 2023 | 1 | 1,318 | 1,319 |
| At 31 March 2022 | 1 | 1,486 | 1,487 |

The amortisation charge is included in the income statement under administrative expenses.

The registered trademarks of the company are Woodex®, Buffalo® Board and Baüsen® Flooring.

The Customer lists relates to the purchase of Abbey Wood Agencies Limited. The cost of the customer lists represents the fair value of the assets at the time of the purchase.

The company does not have any intangible assets at 31 March 2024 or 31 March 2023.

## 13. Property, plant and equipment

### 13.1 Group

| | Group | | | | |
|---|---|---|---|---|---|
| | Freehold property £'000 | Long leasehold £'000 | Short leasehold property improvements £'000 | Plant, equipment and vehicles £'000 | **Total £'000** |
| Cost: | | | | | |
| At 1 April 2022 | 30,288 | - | 617 | 23,944 | **54,849** |
| Additions | 1,500 | - | 7 | 1,797 | **3,304** |
| Disposals | - | - | - | (1,041) | **(1,041)** |
| **At 1 April 2023** | **31,788** | **-** | **624** | **24,700** | **57,112** |
| Additions | 341 | 2,065 | - | 3,189 | **5,595** |
| Disposals | (15) | - | - | (690) | **(705)** |
| **At 31 March 2024** | **32,114** | **2,065** | **624** | **27,199** | **62,002** |
| Depreciation: | | | | | |
| At 1 April 2022 | 4,729 | - | 512 | 12,673 | **17,914** |
| Disposals | - | - | - | (1,015) | **(1,015)** |
| Charge for the year | 448 | - | 37 | 2,288 | **2,773** |
| **At 1 April 2023** | **5,177** | **-** | **549** | **13,946** | **19,672** |
| Disposals | (6) | - | - | (667) | **(673)** |
| Charge for the year | 470 | 21 | 32 | 2,491 | **3,014** |
| **At 31 March 2024** | **5,641** | **21** | **581** | **15,770** | **22,013** |
| Net book value | | | | | |
| **At 31 March 2024** | **26,473** | **2,044** | **43** | **11,429** | **39,989** |
| At 31 March 2023 | 26,611 | - | 75 | 10,754 | **37,440** |
| At 31 March 2022 | 25,559 | - | 105 | 11,271 | **36,935** |

Included in freehold property is land with a book value of £8,519,000 (2023: £8,519,000) which is not depreciated.

The depreciation charge is included in the income statement as follows:

| | **2024 £'000** | 2023 £'000 |
|---|---|---|
| Cost of sales | **1,871** | 1,711 |
| Selling and distribution costs | **939** | 852 |
| Administrative expenses | **204** | 210 |
| | **3,014** | 2,773 |

### 13.2 Company

| | Plant, equipment and vehicles £'000 |
|---|---|
| Cost: | |
| At 1 April 2022 | 407 |
| Additions | 200 |
| Disposals | (338) |
| **At 1 April 2023** | **269** |
| Additions | 8 |
| Disposals | - |
| **At 31 March 2024** | **277** |
| Depreciation: | |
| At 1 April 2022 | 359 |
| Disposals | (329) |
| Charge for the year | 18 |
| **At 1 April 2023** | **48** |
| Disposals | - |
| Charge for the year | 25 |
| **At 31 March 2024** | **73** |
| Net book value | |
| **At 31 March 2024** | **204** |
| At 31 March 2023 | 221 |
| At 31 March 2022 | 48 |

### 14. Right of use assets and lease liabilities – Group

The Group has leases for some of its building which are made up of some of our depot locations and showrooms. The vehicles are all car leases.

**a) Right of use assets**

The table below describes the nature of the Group's leasing activities by type of right-of-use asset recognised in the balance sheet.

| | | | **2024** | 2023 |
|---|---|---|---|---|
| Right-of-use assets | No of right-of use assets leased | Range of remaining lease | **Average remaining lease** | Average remaining lease |
| Building | 8 | 1-52 years | **12 years** | 8 years |
| Vehicles | 103 | 1-4 years | **2 years** | 2 years |

The review performed at the year end did not result in the impairment of the right-of-use assets.

### 14. Right of use assets and lease liabilities – Group *(continued)*

Additional information on right-of-use asset by class of assets is as follows:

| | Group | | | Company | | |
|---|---|---|---|---|---|---|
| | Property £'000 | Vehicles £'000 | **Total £'000** | Property £'000 | Vehicles £'000 | **Total £'000** |
| Cost: | | | | | | |
| **At 1 April 2022** | **6,447** | **1,421** | **7,868** | **1,499** | **64** | **1,563** |
| Additions | 2,570 | 325 | 2,895 | - | - | - |
| Disposals | (1,064) | (302) | (1,366) | - | - | - |
| **At 1 April 2023** | **7,953** | **1,444** | **9,397** | **1,499** | **64** | **1,563** |
| Additions | 3,014 | 942 | 3,956 | - | - | - |
| Disposals | (2,277) | (208) | (2,485) | - | (14) | (14) |
| **At 31 March 2024** | **8,690** | **2,178** | **10,868** | **1,499** | **50** | **1,549** |
| Depreciation: | | | | | | |
| **At 1 April 2022** | **2,635** | **1,079** | **3,714** | **49** | **29** | **78** |
| Charge for the year | 952 | 280 | 1,232 | 21 | 19 | 40 |
| Disposals | (1,064) | (302) | (1,366) | - | - | - |
| **At 1 April 2023** | **2,523** | **1,057** | **3,580** | **70** | **48** | **118** |
| Charge for the year | 588 | 502 | 1,090 | 20 | 16 | 36 |
| Disposals | (1,957) | (208) | (2,165) | - | (14) | (14) |
| **At 31 March 2024** | **1,154** | **1,351** | **2,505** | **90** | **50** | **140** |
| Balance sheet value | | | | | | |
| **At 31 March 2024** | **7,536** | **827** | **8,363** | **1,409** | **-** | **1,409** |
| At 31 March 2023 | 5,430 | 387 | 5,817 | 1,429 | 16 | 1,445 |
| At 31 March 2022 | 3,812 | 342 | 4,154 | 1,450 | 35 | 1,485 |

The depreciation charge is included in the income statement as follows:

| | Group | | Company | |
|---|---|---|---|---|
| | **2024 £'000** | 2023 £'000 | **2024 £'000** | 2023 £'000 |
| Cost of sales | **588** | 952 | **-** | - |
| Selling and distribution costs | **420** | 247 | **-** | - |
| Administrative expenses | **82** | 33 | **36** | 40 |
| | **1,090** | 1,232 | **36** | 40 |

### 14. Right of use assets and lease liabilities – Group *(continued)*

**b) Lease liabilities**

Lease liabilities are presented in the balance sheet as follows:

| | Group | | Company | |
|---|---|---|---|---|
| | **2024 £'000** | 2023 £'000 | **2024 £'000** | 2023 £'000 |
| Current | **1,373** | 879 | **75** | 84 |
| Non-current | **7,298** | 5,130 | **1,268** | 1,343 |
| | **8,671** | 6,009 | **1,343** | 1,427 |

The lease liabilities are secured by the related underlying assets. The undiscounted maturity analysis of lease liabilities at 31 March 2024 is as follows:

| **Group** | Within 1 year £'000 | 1-2 years £'000 | 2-5 years £'000 | 5-10 years £'000 | over 10 years £'000 | **2024 Total £'000** | 2023 Total £'000 |
|---|---|---|---|---|---|---|---|
| Lease payments | 1,719 | 1,240 | 2,812 | 3,628 | 1,211 | **10,610** | 7,467 |
| Finance costs | (346) | (219) | (493) | (369) | (512) | **(1,939)** | (1,458) |
| Net present values | 1,373 | 1,021 | 2,319 | 3,259 | 699 | **8,671** | 6,009 |

| **Company** | Within 1 year £'000 | 1-2 years £'000 | 2-5 years £'000 | 5-10 years £'000 | over 10 years £'000 | **2024 Total £'000** | 2023 Total £'000 |
|---|---|---|---|---|---|---|---|
| Lease payments | 116 | 111 | 333 | 387 | 1,246 | **2,193** | 2,311 |
| Finance costs | (41) | (38) | (102) | (123) | (546) | **(850)** | (884) |
| Net present values | 75 | 73 | 231 | 264 | 700 | **1,343** | 1,427 |

At 31 March 2024 the Group had committed to leases which had not yet commenced. The total future cash outflows for leases that had not yet commenced were as follows:

| | **2024 £'000** | 2023 £'000 |
|---|---|---|
| Vehicles | **228** | 1,001 |

A total of £1,190,000 (2023: £1,499,000) was paid during the year in respect of lease principal for the Group. A total of £127,000 (2023: £131,000) was paid during the year in respect of lease principal for the Company. These figures are reflected in the statement of cash flows within financing activities.

**Amounts recognised in the statement of profit and loss**
The statement of profit and loss shows the following amounts relating to leases:

| | **2024 £'000** | 2023 £'000 |
|---|---|---|
| Expense relating to short-term leases | **129** | 138 |

### 15. Deferred tax

### 15.1 Group

The net deferred tax asset/(liability) is made up of the following elements:

| | Post-employment benefits | Roll over gains on assets | Other (*) | Intangible assets | **Total** |
|---|---|---|---|---|---|
| | **£'000** | **£'000** | **£'000** | **£'000** | **£'000** |
| As at 1 April 2022 asset | 154 | - | - | - | **154** |
| As at 1 April 2022 liability | - | (2,318) | (1,876) | (372) | **(4,566)** |
| (Charge)/credit to the income statement | (1,208) | - | (837) | 42 | **(2,003)** |
| Charge to other comprehensive income and equity | (691) | - | (12) | - | **(703)** |
| At 31 March 2023 asset | - | - | - | - | **0** |
| At 31 March 2023 liability | (1,745) | (2,318) | (2,725) | (330) | **(7,118)** |
| (Charge)/credit to the income statement | (701) | - | (101) | 42 | **(760)** |
| Charge to other comprehensive income and equity | (1,462) | - | - | - | **(1,462)** |
| At 31 March 2024 asset | - | - | - | - | **0** |
| At 31 March 2024 liability | (3,908) | (2,318) | (2,826) | (288) | **(9,340)** |

* Includes accelerated capital allowances and industrial building allowances.

### 15.2 Company

The deferred tax asset/(liability) is made up as follows:

| | Post-employment benefits | Accelerated capital allowances | **Total** |
|---|---|---|---|
| | **£'000** | **£'000** | **£'000** |
| At 1 April 2022 | 151 | (22) | **129** |
| Charge to the income statement | (1,208) | (17) | **(1,225)** |
| Charge to other comprehensive income and equity | (691) | - | **(691)** |
| At 31 March 2023 | (1,748) | (39) | **(1,787)** |
| Charge to the income statement | (701) | 3 | **(698)** |
| Charge to other comprehensive income and equity | (1,462) | - | **(1,462)** |
| At 31 March 2024 | (3,911) | (36) | **(3,947)** |

Deferred tax has been calculated using rates that are expected to apply when the asset or liability is expected to be realised or settled, based on rates that were substantively enacted at the balance sheet date.

## 16. Inventories – Group

| | 2024 £'000 | 2023 £'000 |
|---|---|---|
| Finished goods and goods for resale | 63,255 | 68,627 |
| Less: provisions for slow moving and obsolete inventories | (1,546) | (1,138) |
| | 61,709 | 67,489 |

The inventories impairment charge for the year ended 31 March 2024 was £1,216,000 (2023: £856,000). Impairment charges reversed during the year were £803,000 (2023: £725,000). The reversal of inventories arises from sales in the year of the slow moving and obsolete stock previously provided for.

Inventories are pledged as securities against bank overdrafts (see note 19).

The company did not have any inventories at either 31 March 2024 or 31 March 2023.

## 17. Trade and other receivables

| | Group | | Company | |
|---|---|---|---|---|
| | 2024 £'000 | 2023 £'000 | 2024 £'000 | 2023 £'000 |
| **Current** | | | | |
| Trade receivables | 58,729 | 61,439 | 17 | 6 |
| **Other receivables:** | | | | |
| Other receivables | 2,547 | 2,760 | - | 37 |
| Amounts owed by subsidiaries | - | - | 5,157 | 22 |
| Prepayments | 3,481 | 2,583 | 103 | 92 |
| | 6,028 | 5,343 | 5,260 | 151 |
| | 64,757 | 66,782 | 5,277 | 157 |
| **Non-current** | | | | |
| Prepayments | 789 | - | - | - |

The directors consider that the carrying amount of trade and other receivables approximates their fair value. There are no contract assets or contract liabilities other than trade receivables.

Trade receivables amounted to £58,729,000 (2023: £61,439,000), net of a provision of £308,000 (2023: £200,000) for impairment. Movements on the group provisions for impairment were as follows:

| | Group | |
|---|---|---|
| | 2024 £'000 | 2023 £'000 |
| At 1 April 2023 | 200 | 305 |
| Provisions for receivables impairment | 673 | 518 |
| Receivables written off during the year as uncollectible | (565) | (623) |
| At 31 March 2024 | 308 | 200 |

### 17. Trade and other receivables *(continued)*

The following table provides information about the exposure to credit risk and expected credit losses for trade receivables as at 31 March 2024.

| | 2024 £'000 | | | 2023 £'000 | | |
|---|---|---|---|---|---|---|
| | Trade receivables | Loss rate percentage | Expected credit loss | Trade receivables | Loss rate percentage | Expected credit loss |
| Current (not past due) | **31,115** | **0.1%** | **40** | 34,538 | 0.1% | - |
| Days overdue: | | | | | | |
| 1 - 30 | **21,773** | **0.2%** | **44** | 21,638 | 0.1% | - |
| 31 - 60 | **5,034** | **0.8%** | **41** | 4,815 | 0.6% | - |
| 61 - 90 | **461** | **9.4%** | **43** | 372 | 7.6% | - |
| More than 90 | **346** | **40.2%** | **140** | 276 | 32.7% | 200 |
| | **58,729** | **0.5%** | **308** | 61,639 | 0.3% | 200 |

The group has recognised an impairment against specifically identified expected credit losses ("ECLs") at year end of £308,000 (2023: £200,000). In line with the Group's historical experience, and after consideration of current credit exposures, the Group does not expect to incur any material ECL's above those specifically identified and so has not recognised any non-specific ECL's in the current year (2023: £nil).

At 31 March 2024, £58,012,000 (2023: £60,552,000) of trade and other receivables were denominated in sterling, £3,069,000 (2023: £3,485,000) were denominated in Euros and £195,000 (2023: £128,000) were denominated in US dollars. The Company balances are all denominated in sterling.

Based on the balance sheet value of trade and other receivables, as shown above, a 10% change in the currency exchange rate would lead to an increase or decrease in income and equity of £326,000 (2023: £361,000).

Amounts owed by subsidiaries are interest free and repayable on demand.

## 18. Trade and other payables

| | Group | | Company | |
|---|---|---|---|---|
| | **2024 £'000** | 2023 £'000 | **2024 £'000** | 2023 £'000 |
| Trade payables | **21,219** | 25,745 | **4** | 80 |
| Other taxation and social security | **6,839** | 7,694 | **1,250** | 763 |
| Amounts owed to subsidiaries | **-** | - | **-** | 9 |
| Other payables | **2,380** | 5,247 | **237** | 771 |
| Accruals and deferred income | **5,018** | 2,380 | **314** | 149 |
| | **35,456** | 41,066 | **1,805** | 1,772 |

Trade and other payables principally comprise amounts outstanding for trade purchases and ongoing costs. The average credit period taken for trade purchases is 33 days (2023: 33 days). The directors consider that the carrying amount of trade payables approximates to their fair value.

At 31 March 2024, £20,751,000 (2023: £28,613,000) of trade and other payables were denominated in sterling, £1,492,000 (2023: £1,237,000) in US dollars, £1,145,000 (2023: £1,142,000) in Euros and £211,000 (2023: £nil) in Canadian dollars. The company balances are all denominated in sterling.

Based on the balance sheet value of trade and other payables, as shown above, a 10% change in the currency exchange rate would lead to an increase or decrease in income and equity of £285,000 (2023: £238,000).

## 19. Interest bearing loans and borrowings

| | Group | | Company | |
|---|---|---|---|---|
| | **2024 £'000** | 2023 £'000 | **2024 £'000** | 2023 £'000 |
| **Current liabilities** | | | | |
| Bank overdraft | **-** | - | **-** | 99 |
| | **-** | - | **-** | 99 |
| **Non-current liabilities** | | | | |
| Cumulative preference shares of £1 each (note 21) | **592** | 592 | **592** | 592 |
| **Total** | **592** | 592 | **592** | 592 |

The loans and borrowings were all denominated in sterling.

The group would normally expect that sufficient cash is generated in the operating cycle to meet the contractual cash flows.

The cumulative preference shares are held on an ongoing basis and pay dividends at 8% per annum.

## 20. Retirement and other benefit obligation

| | Group | |
|---|---|---|
| | **2024 £'000** | 2023 £'000 |
| Retirement surplus (note 20.2) | **(20,377)** | (14,960) |
| IFRIC 14 adjustment | **4,513** | 7,739 |
| **Net defined benefit surplus after IFRIC 14 adjustment** | **(15,864)** | (7,221) |

The company has the legal right to benefit from any surplus on the winding up of the scheme. The IAS19 valuation at 31 March 2024 showed the scheme had an accounting surplus of £20,377,000. Under IFRIC 14, we are required to consider how much of this surplus plus future committed deficit recovery contributions at the reporting date will be recovered through a reduction of future contributions, or by refund of the surplus. A restriction of 25% (2023: 35%) has been applied in respect of the authorised surplus payments charge that would be withheld by the scheme on a repayment of a surplus. The surplus as shown above will benefit the Company as both reduction of future contributions and a return of surplus, less taxation.

### 20.1. Pension schemes – Group and Company

James Latham plc operates a group contributory defined benefit pension scheme. The scheme is a funded scheme. Benefits are provided based on earnings in the last twelve months before retirement, plus average bonuses received over the last three years. The assets of the scheme are held separately from those of the company. 25% (2023: 22%) of the assets are invested in equities, with 14% (2023: 12%) under passive management by Blackrock and 11% (2023: 10%) in a Multi-Asset Credit fund managed by Wellington. 74% (2023: 78%) are held in bonds and gilts, with 19% (2023: 19%) in a Buy and Maintain Fund managed by Mercers, 9% (2023: 9%) in an Absolute Return Fund managed by Wellington and 38% (2023: 42%) in an Index Linked fund managed by Blackrock, with the remaining 7% (2023: 8%) in a HLV Property Fund managed by Aviva. In 2023, there was also 1% (2023: nil) in cash.

The group contributory defined benefit pension scheme is closed to new entrants, and a defined contribution group scheme has been established for the pension provision of all other employees, including those contributing through auto enrolment.

The pension charge for the year for all schemes was £2,452,000 (2023: £2,587,000). Of the charge, £836,000 (2023: £487,000) is included in cost of sales, £1,186,000 (2023: £1,152,000) is included in selling and distribution costs, and £430,000 (2023: £948,000) is included in administrative expenses in the income statement.

Contributions are determined by a qualified actuary on a basis of triennial valuations using the projected unit funding method. The most recent available valuation was at 31 March 2023. The assumptions which have the most significant effect on the results of the valuation are those relating to the discount rate and rate of CPI inflation.

It was assumed in the 31 March 2023 valuation that the investment return would be 4.8% per annum for both pre-retirement post-retirement, that the salary increases would average 4.4% per annum and that the present and future pensions would increase at the rate of 4.4% per annum in respect of service to 1 January 1991. Pensions accruing between 1 January 1991 and 28 February 1999 are required to increase at the greater of: (a) 4%, and (b) 3% on the GMP and 5% on the excess over the GMP. Pensions accruing after 1 March 1999 increase at Limited Price Indexation which has been assumed to average 2.4% in the future. Limited Price Indexation was replaced by the Consumer Price Index (CPI) for payrises occurring after 1 January 2014.

### 20.2. Defined benefit scheme – Group and Company

The group operates a defined benefit pension scheme. The current practice of increasing pensions in line with inflation is included in the measurement of the defined benefit obligation.

The defined benefit obligation of £48,043,000 (2023: £51,442,000) includes £13,150,000 (2023: £12,539,000) in relation to active members, £9,701,000 (2023: £10,046,000) in relation to deferred members and £25,192,000 (2023: £28,857,000) in relation to members in retirement.

'The retirement benefit asset recognised in the balance sheet is the present value of the defined benefit obligations, less the fair value of the scheme assets, adjusted for the impact of IFRIC 14. Actuarial gains and losses are immediately recognised in the statement of other comprehensive income.

| | 2024<br>£'000 | 2023<br>£'000 |
|---|---|---|
| Change in benefit obligation | | |
| Benefit obligation at beginning of year | 51,442 | 68,534 |
| Service cost | 387 | 602 |
| Interest cost | 2,373 | 1,826 |
| Actuarial gain arising from changes in financial assumptions | (1,598) | (18,196) |
| Actuarial gain arising from changes in demographic assumptions | (1,924) | - |
| Actuarial (gains) losses arising from experience adjustments | (336) | 1,070 |
| Benefits paid | (2,289) | (2,381) |
| Premiums paid | (12) | (13) |
| Benefit obligation at end of year | 48,043 | 51,442 |
| Analysis of defined benefit obligation | | |
| Schemes that are wholly or partly funded | 48,043 | 51,442 |
| Change in scheme assets | | |
| Fair value of scheme assets at beginning of year | 66,402 | 75,527 |
| Interest income | 3,126 | 2,075 |
| Return on plan assets (excluding interest income) | (1,314) | (13,854) |
| Employer contributions (incl. employer direct benefit payments) | 2,507 | 5,048 |
| Benefits paid from plan | (2,289) | (2,381) |
| Expenses paid | (12) | (13) |
| Fair value of scheme assets at end of year | 68,420 | 66,402 |
| Amounts recognised in the balance sheet | | |
| Present value of funded obligations | 48,043 | 51,442 |
| Fair value of scheme assets | 68,420 | 66,402 |
| Net defined surplus before IFRIC 14 adjustment | (20,377) | (14,960) |
| IFRIC 14 adjustment | 4,513 | 7,739 |
| Net defined benefit surplus after IFRIC 14 adjustment | (15,864) | (7,221) |

### 20.2. Defined benefit scheme – Group and Company *(continued)*

| | 2024<br>£'000 | 2023<br>£'000 |
|---|---|---|
| **Components of pension expense** | | |
| Current service cost | 387 | 602 |
| Interest cost | 2,373 | 1,826 |
| Income on plan assets | (3,126) | (2,075) |
| **Total pension expense recognised in the income statement** | (366) | 353 |
| Actuarial gain immediately recognised | (284) | (3,272) |
| IFRIC 14 adjustment | (3,226) | 1,865 |
| **Total recognised in the statement of other Comprehensive income** | (3,510) | (1,407) |
| Cumulative amount of actuarial loss immediately recognised | 4,480 | 7,990 |

| | 2024 | 2023 |
|---|---|---|
| **Plan assets** | | |
| The asset allocations at the year end were as follows: | | |
| Equities | 14.3% | 11.6% |
| Bonds | 57.2% | 60.5% |
| Property | 7.2% | 7.9% |
| Diversified Credit Fund | 20.5% | 19.7% |
| Other | 0.8% | 0.3% |
| | 100.0% | 100.0% |

| | 2024<br>£'000 | 2023<br>£'000 |
|---|---|---|
| **Amounts included in the fair value of assets for** | | |
| Equity instruments | 9,760 | 7,723 |
| Bond instruments | 39,103 | 40,164 |
| Property occupied | 4,949 | 5,278 |
| Diversified Credit Fund | 14,013 | 13,030 |
| Other assets used | 595 | 207 |
| | 68,420 | 66,402 |

| | 2024<br>£'000 | 2023<br>£'000 |
|---|---|---|
| **Summary of Plan assets** | | |
| Quoted assets | 62,876 | 60,917 |
| Unquoted assets | 5,544 | 5,485 |
| | 68,420 | 66,402 |

### 20.2. Defined benefit scheme – Group and Company *(continued)*

| | 2024 | 2023 |
|---|---|---|
| **Weighted average assumptions used to determine benefit obligations:** | | |
| Discount rate | **4.90%** | 4.70% |
| Rate of compensation increase | **3.80%** | 3.90% |
| Inflation (RPI) | **3.30%** | 3.30% |
| Inflation (CPI) | **2.80%** | 2.90% |
| Rate of pension increases (CPI capped at 5%) | **2.80%** | 2.90% |
| **Weighted average life expectancy for mortality tables used to determine benefit obligations:** | | |
| Male member age 65 (current life expectancy) | **21.2** | 22.4 |
| Female member age 65 (current life expectancy) | **23.7** | 24.5 |
| Male member age 45 (life expectancy at age 65) | **22.5** | 23.7 |
| Female member age 45 (life expectancy at age 65) | **25.2** | 25.8 |
| **Weighted average assumptions used to determine pension expense:** | | |
| Discount rate | **4.90%** | 4.70% |
| Rate of compensation increase | **3.80%** | 3.90% |

**Maturity profile of obligations**

The weighted average duration of the obligations of the defined benefit pension scheme is 13 years. At the time of the most recent triennial valuation, 50% of the liabilities were in respect of members who were yet to retire. At 31 March 2024, the youngest member of the scheme was 48 years old. It is therefore expected that all members of the scheme will have retired in 17 years' time.

**Sensitivity analysis of the key assumptions**

The main exposure of the defined benefit obligations relate to the volatility in the carrying value of the assets and liabilities. The valuation of the scheme's assets is dependant on the volatility of market conditions. The valuation of the scheme's liabilities is dependant on the assumptions used. The sensitivity of the valuation of the liability to changes in the assumptions is shown in the table below:

| | Impact on deficit (Decrease)/increase<br>**£'000** |
|---|---|
| Discount rate increases by 0.25% | **(1,369)** |
| Inflation rate increases by 0.25% | **793** |
| Life expectancy increases by one year | **1,585** |

### 20.2. Defined benefit scheme – Group and Company *(continued)*

The major categories and fair values of scheme assets at the end of the reporting period for each category are as follows:

| | 2024 £'000 | 2023 £'000 |
|---|---|---|
| **Level 1:** | | |
| Cash | **595** | 207 |
| **Level 2:** | | |
| Equities | **9,760** | 7,723 |
| Index-linked gilts | **26,048** | 27,684 |
| Total return fund | **6,427** | 6,183 |
| Multi-sector credit fund | **7,586** | 6,847 |
| Buy and maintain fund | **13,055** | 12,480 |
| Property funds | **4,949** | 5,278 |
| | **68,420** | 66,402 |

**History of plan assets and defined benefit obligation**

| | 2024 £'000 | 2023 £'000 | 2022 £'000 | 2021 £'000 | 2020 £'000 |
|---|---|---|---|---|---|
| Present value of defined benefit obligation | **48,043** | 51,442 | 68,534 | 71,364 | 69,995 |
| Fair value of plan assets | **68,420** | 66,402 | 75,527 | 68,803 | 58,183 |
| Net (asset)/ liability before impact of IFRIC 14 | **(20,377)** | (14,960) | (6,993) | 2,561 | 11,812 |

**Contributions**

The group expects to contribute £123,000 to the pension scheme for the year ending 31 March 2025.

### 20.3. Defined contribution pension payments

The group operates a defined contribution scheme managed by Aegon. The group has agreed to match contributions by eligible employees up to a maximum of 7.5%.

Pension contributions paid to the defined contribution scheme for the year totalled £2,113,000 (2023: £1,787,000).

### 21. Share capital – Group and Company

| Ordinary shares | 2024, 2023 and 2023 | | | |
|---|---|---|---|---|
| | Authorised | | Issued | |
| | Number | £'000 | Number | £'000 |
| Ordinary shares of 25 pence each | 28,000,000 | 7,000 | 20,160,000 | 5,040 |

| Preference shares | Authorised | | Issued | |
|---|---|---|---|---|
| 8% Cumulative Preference Shares of £1 each | Number | £'000 | Number | £'000 |
| At 1 April 2022, 31 March 2023 and 2024 | 1,500,000 | 1,500 | 592,000 | 592 |

| | 2024<br>£'000 | 2023<br>£'000 |
|---|---|---|
| **Share Capital** | | |
| Ordinary share capital | 5,040 | 5,040 |
| | 5,040 | 5,040 |

The Preference shares are included in non-current liabilities (as interest bearing loans and borrowings). See note 19.

The Cumulative Preference shares carry the right to receive an 8% dividend in priority to all other shares and the right of a return on assets in priority to all other shares. They do not carry the right to further participate in profits or assets, nor to vote at a General Meeting unless the resolution directly or adversely varies any of their rights or privileges.

There were no movements in the Ordinary share capital of the company in either the year ended 31 March 2024 or 2023.

## 22. Share-based payment – Group and Company

**Equity-settled share option schemes**

Details of the share options outstanding during the year are as follows:

| | 2024 | | 2023 | |
|---|---|---|---|---|
| | Number of share options | Weighted average exercise price (£) | Number of share options | Weighted average exercise price (£) |
| Outstanding at beginning of year | **92,633** | **8.95** | 246,071 | 7.68 |
| Granted during the year | **23,150** | **10.51** | 18,416 | 10.64 |
| Forfeited during the year | **(5,802)** | **8.69** | (990) | 7.27 |
| Exercised during the year | **(16,286)** | **6.54** | (170,864) | 7.32 |
| Outstanding at the end of the year | **93,695** | **9.77** | 92,633 | 8.95 |

The weighted average share price for options exercised during the year was £11.74 (2023: £13.22).

Details of the options outstanding at 31 March 2024 are shown below. 8,370 (2023: 10,439) of these options were exercisable at the year end. No options expired during the periods covered by the above table.

| | 2024 | | | 2023 | | |
|---|---|---|---|---|---|---|
| | **CSOP** | **SAYE** | **DBP** | CSOP | SAYE | DBP |
| Range of exercise prices | **£6.26-£12.60** | **-** | **£12.10** | £3.96-£12.60 | £7.27 | £12.15 |
| Number of shares | **84,859** | **-** | **8,836** | 80,959 | 5,738 | 5,936 |
| Weighted average expected remaining life (years) | **3.0** | **-** | **1.0** | 3.0 | - | 1.5 |

The Black-Scholes option model is used to calculate the fair value of the options and the amount to be expensed. No performance conditions apply to any of the share option schemes.

Details of the outstanding options at 31 March are as follows:

| | Number of shares | Grant date | Expiry date |
|---|---|---|---|
| CSOP | 1,170 | 18.12.15 | 18.12.25 |
| CSOP | 1,857 | 06.12.16 | 06.12.26 |
| CSOP | 710 | 14.12.17 | 14.12.22 |
| CSOP | 4,633 | 03.01.19 | 03.01.29 |
| CSOP | 12,529 | 23.12.19 | 23.12.29 |
| CSOP | 16,146 | 16.12.20 | 16.12.30 |
| CSOP | 12,604 | 10.12.21 | 10.12.31 |
| CSOP | 14,960 | 20.12.22 | 20.12.32 |
| CSOP | 20,250 | 22.12.23 | 22.12.28 |
| DBP | 3,451 | 01.04.21 | 31.03.24 |
| DBP | 2,640 | 01.04.22 | 31.03.25 |
| DBP | 2,745 | 01.04.23 | 31.03.26 |
| | 93,695 | | |

### 22. Share-based payment – Group and Company *(continued)*

The inputs into the Black-Scholes model, expressed as weighted averages for options granted during the year are as follows:

| | 2024 | | | 2023 | | |
|---|---|---|---|---|---|---|
| | **CSOP** | **SAYE** | **DBP** | CSOP | SAYE | DBP |
| Share price at grant date | **£12.01** | **-** | **£12.10** | £12.50 | - | £12.15 |
| Option exercise price | **£12.01** | **-** | **-** | £12.50 | - | - |
| Expected volatility | **37.0%** | **-** | **37.8%** | 37.0% | - | 41.7% |
| Option life | **5 years** | **-** | **3 years** | 5 years | - | 3 years |
| Risk free interest rate | **3.54%** | **-** | **3.14%** | 3.60% | - | 1.61% |
| Fair value | **£4.59** | **-** | **-** | £4.79 | - | - |

Expected volatility was determined by calculating the historical volatility of the group's share price over the previous 3 years. The option life is based on options being exercised in accordance with usual patterns. Options are forfeited if the employee leaves the group before options vest. For the CSOP scheme, the options can be exercised up to 5 years after the vesting date, and with the SAYE scheme, this period is 6 months. The risk free interest rate is based on 10 year UK Government Bonds.

The group recognised total expenses of £80,000 (2023: £182,000) related to equity settled share-based payment transactions in the year.

**Share Incentive Plan**

The Company also runs an approved Share Incentive Plan in which eligible employees can buy Partnership Shares at mid-market price on the date of the grant. The shares are held in the employee benefits trust for a 5-year period. The number of shares held in trust of this plan at 31 March 2024 was 168,583 (2023: 165,539).

### 23. Own shares – Group and Company

| | Ordinary shares £'000 |
|---|---|
| At 1 April 2022 | |
| Cost | 873 |
| Transfer to employees | (1,397) |
| Transfer to retained earnings | 524 |
| At 31 March 2023 | - |
| Transfer to employees | - |
| Transfer to retained earnings | - |
| **At 31 March 2024** | **-** |

The investment in own shares represents 35,084 25p Ordinary shares (2023: 60,362 25p Ordinary shares) held on behalf of the James Latham plc Employee Benefits Trust, a discretionary trust. This represents 0.15% (2023: 0.30%) of the issued share capital. The maximum number of shares held during the year was 60,362 (0.15%). Dividends have been waived and all income and expenditure of the trust has been dealt with through the group's income statement. None of these shares have been allocated to employees.

The own shares reserve was transferred to retained earnings at 31 March 2023.

### 24. Cash generated from/(used in) operations

| | Group | | Company | |
|---|---|---|---|---|
| | **2024 £'000** | Restated 2023 £'000 | **2024 £'000** | Restated 2023 £'000 |
| Profit before tax | **30,262** | 44,511 | **16,860** | 7,862 |
| Finance income and expense | **(4,119)** | (813) | **(157)** | (251) |
| Dividend received | **-** | - | **(16,500)** | (8,500) |
| Depreciation and amortisation | **4,271** | 4,173 | **61** | 58 |
| Impairment | **-** | 179 | **-** | - |
| (Profit)/loss on disposal of property, plant and equipment | **35** | (46) | **-** | 9 |
| Decrease in inventories | **5,780** | 6,741 | **-** | - |
| Decrease/(increase) in receivables | **1,236** | 1,550 | **(5,118)** | 1,454 |
| (Decrease)/Increase in payables | **(5,862)** | (9,547) | **33** | 29 |
| Retirement benefits | **(2,120)** | (4,446) | **(2,120)** | (4,446) |
| Share-based payments non cash amounts | **80** | 182 | **80** | 182 |
| **Cash generated from/(used in) operations** | **29,563** | 42,484 | **(6,861)** | (3,603) |

| **Movement in net funds/(debt)** | Cash and cash equivalents £'000 | Leases £'000 | Preference shares £'000 | **Total £'000** |
|---|---|---|---|---|
| At 1 April 2022 | 37,030 | (4,408) | (592) | **32,030** |
| Additions in the year | - | (2,895) | - | **(2,895)** |
| Cash flow | 25,579 | 1,499 | - | **27,078** |
| Discount unwind on lease liabilities | - | (205) | - | **(205)** |
| At 31 March 2023 | 62,609 | (6,009) | (592) | **56,008** |
| Additions in the year | - | (3,956) | - | **(3,956)** |
| Cash flow | 13,272 | 1,190 | - | **14,462** |
| Discount unwind on lease liabilities | - | 104 | - | **104** |
| **At 31 March 2024** | 75,881 | (8,671) | (592) | **66,618** |

The additions in the year are £942,000 in new vehicle leases and £3,014,000 in respect of a new property lease.

## 25. Related party transactions

### 25.1 Group

The group has a related party relationship with its subsidiaries and with its directors. Transactions between group companies, which are related parties, have been eliminated on consolidation and are not disclosed in this note.

The remuneration of the key management of the group, who are the Company's directors, is set out below.

| | 2024<br>£'000 | 2023<br>£'000 |
|---|---|---|
| Salaries and other short-term employee benefits | 1,092 | 1,347 |
| Social security costs | 184 | 186 |
| Pension costs | 229 | 230 |
| Share-based payment | 35 | 35 |
| | 1,540 | 1,798 |

There are 4 (2023: 4) directors to whom retirement benefits are accruing under defined benefit schemes, and 4 (2023: 4) directors that exercised share options during the year.

Emoluments for the highest paid director totalled £279,000 (2023: £350,000). The highest paid director exercised 718 CSOP share options during the year at a gain of £3,942. The highest paid director had an accrued defined benefit pension of £93,000 (2023: £81,000) at the balance sheet date.

The remuneration of the key management of the group, who are the company's directors is set out above and shown in the Directors' Remuneration Report on pages 40 to 43. The gain made by directors who exercised share options during the year was £16,000 (2023: £55,000).

### 25.2 Company

The company undertakes the following transactions with the active subsidiary companies:

- Receiving an annual management charge to cover services provided of £3,627,000 (2023: £3,288,000).
- Corporation tax for the Parent and Subsidiary is paid through the parent company and recharged to the subsidiary. The timing of the repayment will affect the balances outstanding.

Details of balances outstanding with subsidiary companies are shown in Notes 17 and 18.

Other than the payment of remuneration and dividends, there have been no related party transactions with the directors.

## 26. Capital commitments

At 31 March 2024, there were capital commitments contracted for but not provided in the accounts of £2,164,000 (2023: £4,758,000).

### 27. Financial instruments

The group and company's activities expose the group to a number of risks including market risk (foreign currency risk and interest rate risk), credit risk and liquidity risk. These risks are managed through an effective risk management programme. Further details are set out in the Financial Review on pages 31 to 34.

**Maturity analysis**
The table below analyses the financial liabilities on a contractual gross undiscounted cash flow basis into maturity groupings based on period outstanding at the balance sheet date up to the contractual maturity date.

| GROUP | Less than 6 months £'000 | Between 6 months and 1 year £'000 | Between 1 and 5 years £'000 | More than 5 years £'000 | Total £'000 |
|---|---|---|---|---|---|
| **2024** | | | | | |
| Trade payables | 21,219 | - | - | - | **21,219** |
| Accruals | 5,018 | - | - | - | **5,018** |
| Other payables | 2,380 | - | - | - | **2,380** |
| Lease liabilities | 1,171 | 548 | 4,052 | 4,839 | **10,610** |
| **Total** | **29,788** | **548** | **4,052** | **4,839** | **39,227** |
| **2023** | | | | | |
| Trade payables | 25,745 | - | - | - | **25,745** |
| Accruals | 2,380 | - | - | - | **2,380** |
| Other payables | 5,247 | - | - | - | **5,247** |
| Lease liabilities | 523 | 523 | 2,423 | 3,998 | **7,467** |
| **Total** | **33,895** | **523** | **2,423** | **3,998** | **40,839** |

| COMPANY | Less than 6 months £'000 | Between 6 months and 1 year £'000 | Between 1 and 5 years £'000 | More than 5 years £'000 | Total £'000 |
|---|---|---|---|---|---|
| **2024** | | | | | |
| Trade payables | 4 | - | - | - | **4** |
| Accruals | 314 | - | - | - | **314** |
| Other payables | 237 | - | - | - | **237** |
| Lease liabilities | 116 | - | 444 | 1,633 | **2,193** |
| **Total** | **671** | **-** | **444** | **1,633** | **2,748** |
| **2023** | | | | | |
| Trade payables | 80 | - | - | - | 80 |
| Accruals | 149 | - | - | - | 149 |
| Amounts owed to subsidiaries | 9 | - | - | - | 9 |
| Other payables | 771 | - | - | - | 771 |
| Lease liabilities | 64 | 63 | 466 | 1,718 | 2,311 |
| **Total** | **1,073** | **63** | **466** | **1,718** | **3,320** |

Preference shares are excluded from the table above as they are irredeemable. Contractual payments due within one year for these liabilities for both the Group and Company are £48,000, with £48,000 due between 1-2 years and £144,000 due between 2-5 years. The amounts due after 5 years cannot be quantified as the liabilities are irredeemable.

### 27. Financial instruments *(continued)*

**Foreign currency risk**
Approximately 39% of the group's purchases are denominated in foreign currencies, principally the US dollar and the Euro. Forward contracts are used where we have agreed exchange rates with our customers and we also use other currency derivatives to help manage our short term exposure on a weakening sterling from time to time. However, no more than 30% of the currency requirements will be covered by forward contracts or other currency derivatives. At the year ended 31 March 2024 and 2023, no fair value adjustments have been made in connection with the outstanding foreign currency contracts as the adjustment required is immaterial.

Whilst purchases in foreign currencies are a significant figure, fluctuations in currency exchange rates do not have a major impact on the results. As the group trades mainly in the UK, the market price of our products tends to fluctuate in line with spot prices.

Included in group cash and cash equivalents at 31 March 2024 was £27,000 in US Dollars (2023: £455,000), £620,000 in Euros (2023: £896,000) and £49,000 in Canadian dollars (2023: £29,000) at variable interest rates.

Based on the balance sheet value of cash and cash equivalents, as shown above, a 10% change in the currency exchange rate would lead to an increase or decrease in income and equity of £70,000 (2023: £138,000).

There is no foreign currency held in the company accounts.

**Interest rate risk**
The interest rate exposure arises mainly from its interest bearing deposits. Deposits held at floating rates expose the entity to cash flow risk whilst deposits held at fixed rate expose the entity to fair value risk.

At the reporting date, the interest rate profile of the group's interest-bearing financial instruments was:

| | Group | | Company | |
|---|---|---|---|---|
| | **2024 £'000** | 2023 £'000 | **2024 £'000** | 2023 £'000 |
| **Fixed rate instruments** | | | | |
| Cumulative preference shares of £1 each | **592** | 592 | **592** | 592 |
| **Variable rate instruments** | | | | |
| Cash and cash equivalents | **75,881** | 62,609 | **3,137** | 203 |
| Bank overdraft | **-** | - | **-** | 99 |

Interest rate risk is limited to the cash and cash equivalents, bank overdraft and bank loans.

Based on the balance sheet value of cash and cash equivalents, bank overdraft and bank loans, as shown above, a 1% change in interest base rates would lead to an increase or decrease in income and equity of £759,000 (2023: £626,000) in the group and an increase or decrease in income and equity of £31,000 (2023: £1,000) in the company.

### 27. Financial instruments *(continued)*

**Credit risk exposure**
Credit risk arises on our trade receivables and cash and cash equivalents. Credit exposure is managed on a group basis taking into account economic conditions and availability of credit insurance, and appropriate credit limits are set for each customer taking into account credit reports received from outside agencies, and previous credit history. Credit insurance is taken out to cover approved individual debtors with balances over £40,000. Where limits are required above £40,000 that cannot be backed by insurance, a sub-committee of the board will review reports on the customer, and agree additional limits if appropriate. Bad debts are a minimal figure of sales this year and prior year, compared with our target of 0.4%. Under IFRS 9 the Group has applied the Simplified Approach applying a provision matrix based on number of days past due to measure lifetime expected credit losses and after taking into account customer sectors with different credit risk profiles and current and forecast trading conditions. Bad debts are provided for debts overdue by more than 120 days, or if we have received official paperwork. Debtors are written off when we have either received official paperwork that the customer is no longer trading or have exhausted all avenues of recovery. The carrying amount of financial assets recorded in the accounts, which is net of impairment losses, represents the maximum exposure to credit risk. The maximum exposure to credit risk at the reporting date was:

| **Financial assets measured at amortised cost** | **Group** | | **Company** | |
|---|---|---|---|---|
| | **2024 £'000** | 2023 £'000 | **2024 £'000** | 2023 £'000 |
| Trade receivables | **58,729** | 61,439 | **17** | 6 |
| Other receivables | **2,547** | 2,760 | **-** | 37 |
| Amounts owed by subsidiaries | **-** | - | **5,157** | 22 |
| Cash and cash equivalents | **75,881** | 62,609 | **3,137** | 203 |
| **Total** | **137,157** | 126,808 | **8,311** | 268 |

**Liquidity risk**
The group closely monitors its cash position to ensure that it has sufficient funds to meet the obligations of the group as they fall due. Short term bank deposits are executed only with organisations with a long term rating of at least A- from the major rating agencies.

The following table shows the financial liabilities measured at amortised cost:

| | **Group** | | **Company** | |
|---|---|---|---|---|
| | **2024 £'000** | 2023 £'000 | **2024 £'000** | 2023 £'000 |
| Trade payables | **21,219** | 25,745 | **4** | 80 |
| Other payables | **2,380** | 5,247 | **237** | 771 |
| Amounts owed to subsidiaries | **-** | - | **-** | 9 |
| Accruals | **5,018** | 2,380 | **314** | 149 |
| Bank overdraft | **-** | - | **-** | 99 |
| **Total** | **28,617** | 33,372 | **555** | 1,108 |

**Capital management**
The group manages its capital risk by ensuring that its capital, which represents share capital, retained earnings, investments in own shares and cash, is sufficient to support the ongoing needs of the business, and is organised to try and minimise the cost of capital over the medium term. The group's current strategy is to maintain sufficient cash balances to satisfy ongoing needs.

### 28. Prior year adjustment

In March 2024, the Financial Reporting Council ("FRC") submitted a request for further information on the Group's Annual Report and Accounts for the year ended 31 March 2023. The review conducted by the FRC was based solely on the Group's published Annual Report and Accounts and does not provide assurance that the Annual Report and Accounts are correct in all material respects; the FRC's role is not to verify the information provided but to consider compliance with reporting requirements.

Following completion of this review, the directors have concluded that the cash receipt on exercise of share options in the year ended 31 March 2023 would be better categorised as a cash flow from financing activities rather than, as previously treated, as an operating cash flow. Accordingly, in order to reflect these transactions in full compliance with IAS 7 Statement of cash flows, the consolidated and company cash flow statement for the year ended 31 March 2023 and its supporting note 24 has been restated to reflect this.

As part of the FRC review, under IFRS 7 'Financial instruments: disclosures' the set off arrangement of the bank accounts was highlighted. On further investigation, the directors have concluded that the overdraft in the company accounts should be shown separately under current liabilites rather than set off against the other bank balances. The parent company balance sheet has been adjusted accordingly.

These restatements have no impact on revenue, operating profit, profit before tax, basic and diluted earnings per share or net assets.

### 28. Prior year adjustment *(continued)*

As a result, the company balance sheet as at 31 March 2023 has been restated as follows:

| | 2023 (originally presented) £'000 | Adjustment £'000 | 2023 (restated) £'000 |
|---|---|---|---|
| **ASSETS** | | | |
| **Non-current assets** | | | |
| Investments | 9,613 | - | 9,613 |
| Property, plant and equipment | 221 | - | 221 |
| Right-of-use-assets | 1,445 | - | 1,445 |
| Retirement benefit surplus | 7,221 | - | 7,221 |
| **Total non-current assets** | 18,500 | - | 18,500 |
| **Current assets** | | | |
| Trade and other receivables | 157 | - | 157 |
| Cash and cash equivalents | 104 | 99 | 203 |
| Tax receivable | 1,014 | - | 1,014 |
| **Total current assets** | 1,275 | 99 | 1,374 |
| **Total assets** | 19,775 | 99 | 19,874 |
| **Current liabilities** | | | |
| Lease liabilities | 84 | - | 84 |
| Trade and other payables | 1,772 | - | 1,772 |
| Interest bearing loans and borrowings | - | 99 | 99 |
| **Total current liabilities** | 1,856 | 99 | 1,955 |
| **Non-current liabilities** | | | |
| Interest bearing loans and borrowings | 592 | - | 592 |
| Lease liabilities | 1,343 | - | 1,343 |
| Deferred tax liabilities | 1,787 | - | 1,787 |
| **Total non-current liabilities** | 3,722 | - | 3,722 |
| **Total liabilities** | 5,578 | 99 | 5,677 |
| **Net assets** | 14,197 | - | 14,197 |
| **Capital and reserves** | | | |
| Issued capital | 5,040 | - | 5,040 |
| Share-based payment reserve | 124 | - | 124 |
| Capital reserve | 395 | - | 395 |
| Retained earnings | 8,638 | - | 8,638 |
| **Total equity attributable to equity shareholders of the parent company** | **14,197** | **-** | **14,197** |

### 28. Prior year adjustment *(continued)*

The consolidated and company cash flow statement for the year ended 31 March 2023 has been restated as follows:

| GROUP | 2023 (originally presented) £'000 | Adjustment £'000 | 2023 (restated) £'000 |
|---|---|---|---|
| **Net cash flow from operating activities** | | | |
| Cash generated from operations | 43,864 | (1,380) | 42,484 |
| Interest paid | (53) | - | (53) |
| Income tax paid | (7,498) | - | (7,498) |
| Net cash inflow from operating activities | 36,313 | (1,380) | 34,933 |
| **Cash flows from investing activities** | | | |
| Interest received and similar income | 822 | - | 822 |
| Purchase of property, plant and equipment | (3,304) | - | (3,304) |
| Proceeds from sale of property, plant and equipment | 72 | - | 72 |
| Net cash outflow from investing activities | (2,410) | - | (2,410) |
| **Cash flows from financing activities** | | | |
| Exercise of share options | - | 1,380 | 1,380 |
| Lease liability payments | (1,499) | - | (1,499) |
| Equity dividends paid | (6,825) | - | (6,825) |
| Net cash outflow from financing activities | (8,324) | 1,380 | (6,944) |
| **Increase in cash and cash equivalents for the year** | 25,579 | - | 25,579 |
| **Cash and cash equivalents at beginning of year** | 37,030 | - | 37,030 |
| **Cash and cash equivalents at end of year** | 62,609 | - | 62,609 |
| Balance sheet cash and cash equivalents | 62,609 | - | 62,609 |
| Bank overdraft in current liabilities (note 19) | - | - | - |
| **Cash and cash equivalents at end of year** | 62,609 | - | 62,609 |

### 28. Prior year adjustment *(continued)*

| COMPANY | 2023 (originally presented) £'000 | Adjustment £'000 | 2023 (restated) £'000 |
|---|---|---|---|
| **Net cash flow from operating activities** | | | |
| Cash generated used in operations | (2,223) | (1,380) | (3,603) |
| Interest paid | (48) | - | (48) |
| Income tax paid | 1,717 | - | 1,717 |
| Net cash outflow from operating activities | (554) | (1,380) | (1,934) |
| **Cash flows from investing activities** | | | |
| Interest received and similar income | 46 | - | 46 |
| Dividend received | 8,500 | - | 8,500 |
| Purchase of property, plant and equipment | (200) | - | (200) |
| Net cash inflow from investing activities | 8,346 | - | 8,346 |
| **Cash flows from financing activities** | | | |
| Exercise of share options | - | 1,380 | 1,380 |
| Lease liability payments | (131) | - | (131) |
| Equity dividends paid | (6,825) | - | (6,825) |
| Net cash outflow from financing activities | (6,956) | 1,380 | (5,576) |
| **Increase in cash and cash equivalents for the year** | 836 | - | 836 |
| **Cash and cash equivalents at beginning of year** | (732) | - | (732) |
| **Cash and cash equivalents at end of year** | 104 | - | 104 |
| Balance sheet cash and cash equivalents | 104 | 99 | 203 |
| Bank overdraft in current liabilities (note 19) | - | (99) | (99) |
| **Cash and cash equivalents at end of year** | 104 | - | 104 |

The cash flow note to the accounts has also been restated. The restated figures can be seen in note 24.

### 28. Prior year adjustment *(continued)*

| GROUP | 2023 (originally presented) £'000 | Adjustment £'000 | 2023 (restated) £'000 |
|---|---|---|---|
| Profit before tax | 44,511 | - | 44,511 |
| Finance income and expense | (813) | - | (813) |
| Depreciation and amortisation | 4,173 | - | 4,173 |
| Impairment | 179 | - | 179 |
| Profit on disposal of property, plant and equipment | (46) | - | (46) |
| Decrease in inventories | 6,741 | - | 6,741 |
| Decrease in receivables | 1,550 | - | 1,550 |
| Increase in payables | (8,167) | (1,380) | (9,547) |
| Retirement benefits | (4,446) | - | (4,446) |
| Share-based payments non cash amounts | 182 | - | 182 |
| **Cash generated from operations** | 43,864 | (1,380) | 42,484 |

| COMPANY | 2023 (originally presented) £'000 | Adjustment £'000 | 2023 (restated) £'000 |
|---|---|---|---|
| Profit before tax | 7,862 | - | 7,862 |
| Finance income and expense | (2) | (249) | (251) |
| Dividend received | (8,500) | - | (8,500) |
| Depreciation and amortisation | 58 | - | 58 |
| Loss on disposal of property, plant and equipment | 9 | - | 9 |
| Decrease in receivables | 1,454 | - | 1,454 |
| Increase in payables | 1,160 | (1,131) | 29 |
| Retirement benefits | (4,446) | - | (4,446) |
| Share-based payments non cash amounts | 182 | - | 182 |
| **Cash generated used in operations** | (2,223) | (1,380) | (3,603) |

# Notice of Annual General Meeting

**Notice is hereby given** that the one hundred and twenty fifth Annual General Meeting of the Company will be held at the Leverstock Suite, Holiday Inn, Breakspear Way, Hemel Hempstead, Hertfordshire, HP2 4UA on Wednesday 21st August 2024 at 12.30pm. Resolutions 1 to 8 inclusive will be proposed as ordinary resolutions, and resolutions 9 and 10 will be proposed as special resolutions.

**Ordinary business**

1. To receive and adopt the Directors' Report and Accounts for the year ended 31 March 2024 together with the Independent Auditor's report thereon.
2. To declare the final dividend recommended by the directors on the ordinary shares of the Company.
3. To re-elect Fabian French as a director, who retires by rotation.
4. To re-elect Paula Kerrigan as a director, who retires by rotation.
5. To re-elect David Dunmow as a director, who retires by rotation.
6. To re-elect Andrew Wright as a director, who retires by rotation.
7. To re-appoint RSM UK Audit LLP, Chartered Accountants, as auditors to hold office from the conclusion of the meeting to the conclusion of the next meeting at which accounts are laid before the Company, at a remuneration to be determined by the directors.

**Other business**

8. Directors authority to allot shares: To consider, and if thought fit, pass the following resolution: "THAT in substitution for all existing authorities, to the extent unused, the directors be and they are generally and unconditionally authorised for the purposes of section 551 of the Companies Act 2006 to exercise all the powers of the Company to allot equity securities up to an aggregate nominal amount of £1,680,000 provided that this authority shall expire at the earlier of the conclusion of the Company's next Annual General Meeting or 15 months from the date of the passing of this resolution and that the Company may before such expiry make offers or agreements which would or might require relevant securities to be allotted after such expiry and the Directors may allot relevant securities in pursuance of such offers or agreements notwithstanding that the authority conferred has expired. The expression 'equity securities' and 'allotment' shall bear the same meanings respectively given to the same in section 560 Companies Act 2006."
9. Disapplication of pre-emption rights: To consider, and if thought fit, pass the following resolution: "THAT subject to the passing of the previous Resolution 8, pursuant to section 571 of the Companies Act 2006, section 561 of the Companies Act 2006 shall not apply to any allotment or agreement to allot equity securities pursuant to the authority conferred by Resolution 9:

(a) this power shall be limited to:

(i) the allotment of equity securities in connection with or subject to an offer or invitation, open for acceptance for a period fixed by the Directors, to the holders of Ordinary Shares on the register on a fixed record date in proportion (as nearly as maybe) to their respective holdings or in accordance with the rights attached thereto (including equity securities which, in connection with such offer or invitation, are the subject of such exclusions or other arrangements as the Directors may deem necessary or expedient to deal with the fractional entitlements which would otherwise arise or with legal or practical problems under the laws of, or the requirements of any recognised regulatory body or any stock exchange in any territory or otherwise how so ever); and

(ii) other than pursuant to paragraph (a)(i) of this Resolution, the allotments of equity securities for cash up to an aggregate nominal amount of £252,000; and

(b) this power shall expire at the earlier of the conclusion of the next Annual General Meeting of the Company or 15 months from the date after passing of this Resolution except that the Directors may allot equity securities under this power after that date to satisfy an offer or agreement made before this power expired."

10. Authority of the Company to purchase its own shares: To consider and, if thought fit, pass the following resolution: "THAT the Company be and is generally and unconditionally authorised to make one or more market purchases (within the meaning of section 693 (4) of the Companies Act 2006) of its Ordinary Shares of 25p each provided that:

(a) the maximum aggregate number of Ordinary Shares which may be purchased is 2,016,000 (representing 10% of the issued share capital of the Company);

(b) the price at which Ordinary Shares may be purchased shall not be more than 105% of the average of the closing middle market price for the Ordinary Shares as derived from the AIM section of the London Stock Exchange Daily Official List for the five business days preceding the date of purchase and shall not be less than 25p per Ordinary Share (in both cases exclusive of expenses); and

(c) this power shall expire at the earlier of the conclusion of the next Annual General Meeting of the Company or 15 months from the date of the passing of this resolution."

By order of the Board
**D.A. Dunmow**
*Company Secretary*

Registered Office:
Unit C2, Breakspear Park, Breakspear Way,
Hemel Hempstead, Hertfordshire, HP2 4TZ

*8 July 2024*

**Notes:**
The Report and Accounts are sent to all members of the Company who elect to receive a paper copy, or is available on the Investor page at **www.lathamtimber.co.uk**.

Holders of preference shares are not entitled to be present, either personally or by proxy, or to vote at any general meeting so long as the dividends on such preference shares are regularly paid or unless a resolution is to be proposed for winding up the Company, reducing its capital or selling its undertaking or adversely affecting the rights of the holders of preference shares.

A member entitled to attend and vote at the above Meeting is entitled to appoint one or more proxies to attend, speak and vote on his/her behalf. A proxy need not be a member of the Company. A Form of Proxy, which may be used to make such appointment and to give proxy instructions, accompanies this Notice. To appoint more than one proxy, (an) additional Form(s) of Proxy may be obtained by contacting the Shareholder Helpline on 0370 707 1093 or you may photocopy the Form of Proxy. Calls to the Shareholder Helpline number are charged at the standard rate per minute plus network extras. Overseas holders should contact +44 (0)370 707 1093. Lines are open from 8.00am to 5.30pm (GMT) Monday to Friday, excluding UK public holidays.

Any corporation which is a member can appoint one or more corporate representatives who may exercise on its behalf all of its powers as a member provided that they do not do so in relation to the same shares.

To be valid, the enclosed Form of Proxy and any power of attorney or other authority (if any) under which it is signed or a notarially certified copy thereof, must be completed and returned so as to be received by the Company's registrars, Computershare Investor Services plc, The Pavilions, Bridgwater Road, Bristol BS99 6ZY not less than 48 hours (excluding non-working days) before the time fixed for the holding of the meeting or, in the event that the meeting is adjourned, any adjourned meeting.

Shareholders may appoint a proxy electronically by visiting **www.investorcentre.co.uk/eproxy**. You will be asked to enter the Control Number, Shareholder Reference Number (SRN), and PIN shown on your Form of Proxy and agree to certain terms and conditions. To be valid, your proxy appointment and instructions should reach Computershare no later than 12.30pm. on Monday 19 August 2024.

# Notice of Annual General Meeting

CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for this meeting and any adjournment(s) thereof by using the procedures described in the CREST Manual (available via **www.euroclear.com**). CREST personal members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.

In order for a proxy appointment or instruction made by means of the CREST service to be valid, the appropriate CREST message (a "CREST Proxy Instruction") must be properly authenticated in accordance with Euroclear UK & International Limited's ('Euroclear') specifications and must contain the information required for such instructions, as described in the CREST Manual. The message, regardless of whether it constitutes the appointment of a proxy or is an amendment to the instruction given to a previously appointed proxy must, in order to be valid, be transmitted so as to be received by the Company's agent (ID 3RA50) by the latest time for proxy appointments set out in previous notes above. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which the Company's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.

CREST members and, where applicable, their CREST sponsors or voting service providers should note that Euroclear does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider(s), to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings. The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.

Copies of directors' contracts of service, the register of interests of directors, the Company's memorandum of association and the articles of association will be available for inspection at the Registered Office during normal business hours from the date of the above notice until the close of the meeting.

In accordance with Regulation 41 of the Uncertified Securities Regulations 2001, only those members eligible to vote and entered on the Company's register of members as at 6.00pm on Monday 19th August 2024 are entitled to attend and vote at the meeting; or, if the meeting is adjourned, shareholders entered on the Company's register of members not later than 48 hours (excluding non-working days) before the time fixed for the adjourned meeting shall be entitled to attend and vote at the adjourned meeting.

At 26 June 2024, the Company's issued share capital consisted of 20,160,000 shares. The total number of voting rights are therefore 20,160,000.

In the case of joint holders, the vote of the senior who tenders a vote will be accepted to the exclusion of the votes of the other joint holders. For this purpose, seniority is determined by the order in which the names are stated in the register of members of the Company in respect of the joint holding.

**Share dealing service for shareholders**
We operate a share dealing services with our registrar, Computershare Investor Services PLC, please view all dealing options at **www.computershare.com/dealing/uk** which provides shareholders with a simple way to sell or purchase shares (subject to availability) on the London Stock Exchange. Real time trading is available during market hours (08.00 to 16.30 Monday to Friday excluding bank holidays). In addition, you can place a sale instruction outside of market hours. The commission is **1.4% subject to a minimum of £40**. Before you can sell your shares online, you will need to become a member of Computershare's Investor Centre.

Where this has been received in a country where the provision of such a service would be contrary to local laws or regulations, this should be treated as information only.

Under section 319A of the Companies Act, any Shareholder attending the AGM has the right to ask questions at the AGM relating to the business of the AGM. The Company must cause to be answered any such question relating to the business being dealt with at the AGM but no such answer need be given if: (a) to do so would interfere unduly with the preparation for the AGM or involve the disclosure of confidential information; (b) the answer has already been given on a website in the form of an answer to a question; or (c) it is undesirable in the interests of the Company or the good order of the AGM that the question be answered.

Please keep your questions and statements short and relevant to the business of the AGM to allow everyone who wishes to speak the chance to do so. It would be helpful if you could state your name before you ask your question. The Chair may nominate a representative to answer a specific question after the AGM or refer the question to the Company's website.

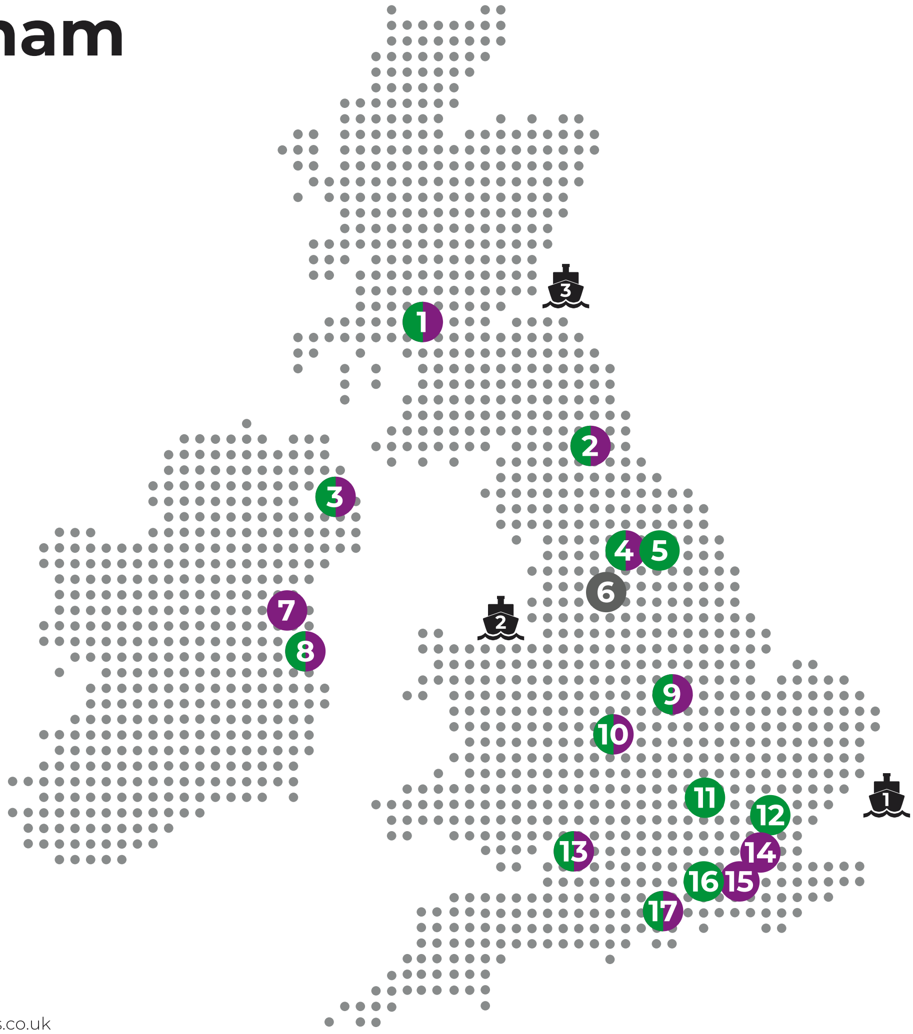
Your personal data includes all data provided by you, or on your behalf, which relates to you as a shareholder, including your name and contact details, the votes you cast and your reference number (as attributed to you by the Company or its registrars). The Company determines the purposes for which, and the manner in which, your personal data is to be processed. The Company and any third party to which it discloses the data (including the Company's registrars) may process your personal data for the purposes of compiling and updating the Company's records, fulfilling its legal obligations and processing the shareholder rights you exercise.

You may not use any electronic address (within the meaning of section 333(4) of the Companies Act 2006) provided in this Notice or in any related documents (including the Form of Proxy and the Annual Report and Financial Statements) to communicate with the Company for any purposes other than those expressly stated.

# Notes

# James Latham
# Locations

KEY:
- PANEL PRODUCTS
- TIMBER PRODUCTS




1 Port of Tilbury

2 Port of Liverpool

3 Port of Grangemouth

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**4 James Latham Leeds**
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**5 Advanced Technical Panels**
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**6 Dresser Mouldings**
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E-mail: sales@dressermouldings.com

**7 LDT Ireland**
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**8 James Latham Dublin**
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**12 James Latham Thurrock**
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**13 James Latham Yate**
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For general enquires please email us at: **info@lathams.co.uk**

**Advanced Technical Panels**
advancedtechnicalpanels.co.uk

**Dresser Mouldings**
dressermouldings.com

**LDT**
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**LDT Ireland**
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JAMES
latham
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