

# James Latham plc

("James Latham" or the "Company")

## HALF YEARLY RESULTS FOR THE PERIOD ENDED 30 SEPTEMBER 2023

### Chairman's statement

#### Unaudited results for the six months trading to 30 September 2023

Revenue for the six months ended 30 September 2023 was £190.9m, down 10.3% on £212.8m for the same period last year. Cost prices on both timber and panels have slowly fallen throughout the first half of the year but they are now relatively stable and there are currently few signs of price weakness. Sales volumes have also remained at similar levels to the same period last year. We have seen a change in the product mix of our sales, with some of our customers moving to cheaper alternative products to counter the effect of high inflation, which is the main reason for the reduction in revenues.

Gross profit percentage, which includes warehouse costs, for the six month period ended 30 September 2023 was 16.8% compared with 19.4% in the comparative six months. Increased competition in weaker market conditions has led to the gross profit percentage dipping slightly below the long term average of 17.5%.

Overheads have been well controlled during the six months, and despite the stubbornly high inflation rates, the overheads are slightly lower than the same period last year.

Operating profit was £14.5m, down £9.5m compared with £23.5m profit for the same period last year. This reduction was anticipated as we return to normal trading conditions after the exceptional results of the last two years. Profit before tax was £16.4m compared with £23.7m for the same period last year. The tax charge of £4.0m represents an effective rate of 24.6%, and reflects the increase in the UK basic rate of corporation tax. Earnings per ordinary share were 61.5p compared with 95.6 p for the same period last year.

As at 30 September 2023 net assets are £203.8m (2022: £180.5m). Inventory levels of £66.1m have reduced from £74.6m at the same period last year as supply chains have stabilised. Trade and other receivables are also slightly down with bad debts remaining at a low figure. Cash and cash equivalents have increased to £66.0m (2022: £36.9m) and we continue to take advantage of additional early settlement discount opportunities with our suppliers as well as generating improved interest receipts.

There is a surplus in the IAS19 valuation of the pension scheme at 30 September 2023 of £11.2m compared with £7.2m in the same period last year. The triennial valuation at 31 March 2023 has been completed, and is showing a surplus of £10.0m and a funding level of 118%. This strong position has enabled the trustees to derisk their investments to reduce the volatility of the IAS19 valuation. In addition the deficit recovery funding payment of £3m a year will cease from 1 December 2023.

#### Interim dividend

The Board has declared an increased interim dividend of 7.75p per Ordinary Share (2022: 7.25p). The dividend is payable on 26 January 2024 to ordinary shareholders on the Company's Register at close of business on 5 January 2024. The ex-dividend date will be 4 January 2024.

#### Current and future trading

The second half of 2023/24 has started with similar volumes to the previous six month period to 30 September 2023, with similar margins. Cost prices of the majority of our products are stable at the moment, but we are mindful that the market in continental Europe is quiet at the moment, with European Panel manufacturers exporting more product to the UK, where the market is currently more robust. There remain significant cost pressures on all our manufacturers, so we expect any further price weakness to be limited.

Our customers still have reasonable order books, but there are still indications that some contracts are being postponed rather than cancelled. We are seeing a continued shift in our market sectors to more lower value products, where we have gained market share, and we expect this trend to continue as customers look for more cost effective solutions.

The strength of our customer base and the diverse markets in which we operate will help us during the more challenging macroeconomic climate that we are all facing.

The board anticipates that the results for the year ended 31 March 2024 will be in line with market expectations.

Nick Latham  
Chairman  
30 November 2023

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

For further information please visit [www.lathamtimber.co.uk](http://www.lathamtimber.co.uk) or contact:

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**JAMES LATHAM PLC**  
**CONSOLIDATED INCOME STATEMENT**

*For the six months to 30 September 2023*

	<b>Six months to 30 Sept. 2023 unaudited</b>	Six months to 30 Sept. 2022 unaudited	Year to 31 March 2023 audited
	<b>£000</b>	£000	£000
<b>Revenue</b>	190,882	212,797	408,370
Cost of sales (including warehouse costs)	(158,832)	(171,443)	(328,361)
<b>Gross profit</b>	32,050	41,354	80,009
Selling and distribution costs	(12,033)	(12,147)	(24,214)
Administrative expenses	(5,558)	(5,680)	(12,097)
<b>Operating profit</b>	14,459	23,527	43,698
Finance income	2,063	231	1,071
Finance costs	(126)	(98)	(258)
<b>Profit before tax</b>	16,396	23,660	44,511
Tax expense	(4,030)	(4,606)	(8,593)
<b>Profit after tax attributable to owners of the parent company</b>	12,366	19,054	35,918
Earnings per ordinary share (basic)	61.5p	95.6p	179.5p
Earnings per ordinary share (diluted)	61.4p	95.2p	179.2p

All results relate to continuing operations.

**JAMES LATHAM PLC****CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME***For the six months to 30 September 2023*

	<b>Six months to 30 Sept. 2023 unaudited</b>	Six months to 30 Sept. 2022 unaudited	Year to 31 March 2023 audited
	<b>£000</b>	£000	£000
Profit after tax	12,366	19,054	35,918
Other Comprehensive income			
Actuarial gains on defined benefit pension scheme	1,982	3,242	1,407
Deferred tax relating to components of other comprehensive income	(495)	(1,080)	(632)
Foreign translation (charge)/credit	(64)	492	233
Other comprehensive income for the period, net of tax	1,423	2,654	1,008
Total comprehensive income, attributable to owners of the parent company	13,789	21,708	36,926

**JAMES LATHAM PLC**  
**CONSOLIDATED BALANCE SHEET**

*At 30 September 2023*

	<b>As at 30 Sept. 2023 unaudited</b>	As at 30 Sept. 2022 unaudited	As at 31 March 2023 audited
	<b>£000</b>	£000	£000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Goodwill	1,181	1,363	1,193
Intangible assets	1,236	1,403	1,319
Property, plant and equipment	37,841	37,278	37,440
Right-of-use-asset	5,438	3,995	5,817
Retirement benefit surplus	11,212	7,318	7,221
Deferred tax asset	53	134	-
<b>Total non-current assets</b>	<b>56,961</b>	<b>51,491</b>	<b>52,990</b>
<b>Current assets</b>			
Inventories	66,052	74,588	67,489
Trade and other receivables	64,220	69,380	66,782
Cash and cash equivalents	65,958	36,939	62,609
Tax receivable	13	-	490
<b>Total current assets</b>	<b>196,243</b>	<b>180,907</b>	<b>197,370</b>
<b>Total assets</b>	<b>253,204</b>	<b>232,398</b>	<b>250,360</b>
<b>Current liabilities</b>			
Lease liabilities	879	1,429	879
Trade and other payables	35,013	40,471	41,066
Current tax payable	-	268	-
<b>Total current liabilities</b>	<b>35,892</b>	<b>42,168</b>	<b>41,945</b>
<b>Non-current liabilities</b>			
Interest bearing loans and borrowings	587	592	592
Lease liabilities	4,806	2,753	5,130
Deferred tax liabilities	8,124	6,369	7,118
<b>Total non-current liabilities</b>	<b>13,517</b>	<b>9,714</b>	<b>12,840</b>
<b>Total liabilities</b>	<b>49,409</b>	<b>51,882</b>	<b>54,785</b>
<b>Net assets</b>	<b>203,795</b>	<b>180,516</b>	<b>195,575</b>
<b>Capital and reserves</b>			
Issued capital	5,040	5,040	5,040
Share-based payment reserve	152	438	124
Own shares	-	(708)	-
Capital reserve	398	398	398
Retained earnings	198,205	175,348	190,013
<b>Total equity attributable to shareholders of the parent company</b>	<b>203,795</b>	<b>180,516</b>	<b>195,575</b>

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

	<b>Six months to 30 Sept 2023 unaudited</b>	Six months to 30 Sept 2022 unaudited	Year to 31 March 2023 audited
	<b>£000</b>	£000	£000
<b>Net cash flow from operating activities</b>			
Cash generated from operations	13,197	11,744	43,864
Interest paid	(25)	(26)	(53)
Income tax paid	(3,094)	(4,043)	(7,498)
Net cash inflow from operating activities	10,078	7,675	36,313
<b>Cash flows from investing activities</b>			
Interest received and similar income	1,697	127	822
Purchase of property, plant and equipment	(2,233)	(1,782)	(3,304)
Proceeds from sale of property, plant and equipment	27	56	72
Net cash outflow from investing activities	(509)	(1,599)	(2,410)
<b>Cash flows before financing activities</b>			
Lease liability payments	(425)	(787)	(1,499)
Equity dividends paid	(5,789)	(5,380)	(6,825)
Purchase of own shares	(6)	-	-
Cash outflow from financing activities	(6,220)	(6,167)	(8,324)
<b>Increase/(decrease) in cash and cash equivalents for the period</b>	<b>3,349</b>	<b>(91)</b>	<b>25,579</b>
<b>Cash and cash equivalents at beginning of the period</b>	<b>62,609</b>	<b>37,030</b>	<b>37,030</b>
<b>Cash and cash equivalents at end of the period</b>	<b>65,958</b>	<b>36,939</b>	<b>62,609</b>

**JAMES LATHAM PLC**

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

	Attributable to owners of the parent company					Total equity £000
	Issued capital £000	Share-based payment reserve £000	Own shares £000	Capital reserve £000	Retained earnings £000	
As at 1 April 2022 (audited)	5,040	387	(873)	398	159,019	163,971
Profit for the period	-	-	-	-	19,054	19,054
Other comprehensive income:						
Actuarial gain on defined benefit pension scheme	-	-	-	-	3,242	3,242
Deferred tax relating to components of other comprehensive income	-	-	-	-	(1,080)	(1,080)
Foreign translation credit	-	-	-	-	492	492
<b>Total comprehensive income for the period</b>	-	-	-	-	21,708	21,708
Transaction with owners:						
Dividends	-	-	-	-	(5,379)	(5,379)
Deferred tax on share options	-	(37)	-	-	-	(37)
Change in investment in ESOP shares	-	-	165	-	-	165
Share-based payment expense	-	88	-	-	-	88
<b>Total transactions with owners</b>	-	51	165	-	(5,379)	(5,163)
<b>Balance at 30 September 2022 (unaudited)</b>	5,040	438	(708)	398	175,348	180,516
Profit for the period	-	-	-	-	16,864	16,864
Other comprehensive income:						
Actuarial loss on defined benefit pension scheme	-	-	-	-	(1,835)	(1,835)
Deferred tax relating to components of other comprehensive income	-	-	-	-	448	448
Foreign translation charge	-	-	-	-	(259)	(259)
<b>Total comprehensive income for the period</b>	-	-	-	-	15,218	15,218
Transactions with owners:						
Dividends	-	-	-	-	(1,446)	(1,446)
Exercise of options	-	(386)	1,397	-	369	1,380
Deferred tax on share options	-	(22)	-	-	-	(22)
Transfer to retained earnings	-	-	(524)	-	524	-
Change in investment in ESOP shares	-	-	(165)	-	-	(165)
Share-based payment expense	-	94	-	-	-	94
<b>Total transactions with owners</b>	-	(314)	708	-	(553)	(159)
<b>Balance at 31 March 2023 (audited)</b>	5,040	124	-	398	190,013	195,575
Profit for the period	-	-	-	-	12,366	12,366
Other comprehensive income:						
Actuarial gain on defined benefit pension scheme	-	-	-	-	1,982	1,982
Deferred tax relating to components of other comprehensive income	-	-	-	-	(495)	(495)
Foreign translation charge	-	-	-	-	(64)	(64)
<b>Total comprehensive income for the period</b>	-	-	-	-	13,789	13,789
Transactions with owners:						
Dividends	-	-	-	-	(5,789)	(5,789)
Exercise of options	-	(8)	-	-	8	-
Deferred tax on share options	-	(1)	-	-	-	(1)
Change in investment in ESOP shares	-	-	-	-	184	184
Share-based payment expense	-	37	-	-	-	37
<b>Total transactions with owners</b>	-	28	-	-	(5,597)	(5,569)
<b>Balance at 30 September 2023 (unaudited)</b>	5,040	152	-	398	198,205	203,795

## JAMES LATHAM PLC

### NOTES TO THE HALF YEARLY REPORT

1. The results presented in this report are unaudited and they have been prepared in accordance with the recognition and measurement principles of International Accounting Standards in conformity with the requirements of the Companies Act 2006 and on the basis of the accounting policies expected to be used in the financial statements for the year ending 31 March 2024. The half yearly report does not include all the disclosures that would be required for full compliance with IFRS. The figures for the year ended 31 March 2023 are extracted from the statutory accounts of the group for that period.

2. The directors propose an interim dividend of 7.75p per ordinary share which will absorb £1,560,000 (2022: 7.25p absorbing £1,445,000), payable on 26 January 2024 to shareholders on the Company's Register at the close of business on 5 January 2024. The ex-dividend date is 4 January 2024.

3. This half yearly report does not constitute statutory financial accounts within the meaning of section 434 of the Companies Act 2006. The statutory accounts for the year ended 31 March 2023 were filed with the Registrar of Companies. The audit report on those financial statements was not qualified and did not contain a reference to any matters to which the auditor drew attention by way of emphasis without qualifying the report and did not contain a statement under section 498 (2) or (3) of the Companies Act 2006. The half yearly report has not been audited by the Company's auditor.

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

	<b>Six months to 30 Sept 2023 unaudited £000</b>	Six months to 30 Sept 2022 unaudited £000	Year to 31 March 2023 audited £000
Net profit attributable to ordinary shareholders	12,366	19,054	35,918
	Number '000	Number '000	Number '000
Weighted average share capital	20,123	19,926	20,009
Add: diluted effect of share capital options issued	24	95	31
Weighted average share capital for diluted earnings per ordinary share calculation	20,147	20,021	20,040

#### 5. Net cash flow from operating activities

	<b>Six months to 30 Sept 2023 unaudited £000</b>	Six months to 30 Sept 2022 unaudited £000	Year to 31 March 2023 audited £000
Profit before tax	16,396	23,660	44,511
Adjustment for finance income and expenditure	(1,937)	(133)	(813)
Depreciation and amortisation	2,272	2,091	4,173
Impairment	-	-	179
Loss/(profit) on disposal of property, plant and equipment	7	(51)	(46)
Decrease/(increase) in inventories	1,437	(358)	6,741
Decrease/(increase) in receivables	2,562	(1,048)	1,550
Decrease in payables	(5,934)	(9,652)	(8,167)
Retirement benefits non cash amounts	(1,643)	(2,853)	(4,446)
Share-based payments non cash amounts	37	88	182
Cash generated from operations	13,197	11,744	43,864

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

