

Midwich Group Plc (including Midwich Limited)

Tax Strategy Paper

Introduction

This document has been approved by the Board of Midwich Group Plc (the "Group") and sets out the Group's policy and approach to conducting its tax affairs and dealing with tax risk. Approval was received on 9 November 2018 and it is considered immediately effective and valid until 31 December 2019.

The document has been published in accordance with the requirements of paragraph 16 of schedule 19 of the Finance Act 2016 and will be reviewed by the Board annually thereafter.

The approved tax strategy is also applicable to Midwich Limited.

About Midwich Group

The Midwich Group is a specialist audio visual ('AV') and document solutions distributor to the trade markets, operating in the UK, Ireland, France, Germany, Iberia, Benelux, Australia and New Zealand. The Group's staff of around 750, are dedicated to continually enhancing our technical expertise, building extensive product knowledge and delivering strong customer service. The Group supports a comprehensive product portfolio across major technology categories such as large format displays, projectors, technical and professional video, audio and digital signage.

The Group's overall business strategy comprises the development of the Group's established, developing and potential new jurisdictions. It involves continued progression in areas of technology, product and vendor selection to ensure that the right growth areas are targeted to maximise the value that the Group can add to customers. Its growth strategy is both organic and inorganic, reflective of the contributors to the successful growth track record. The Group takes a disciplined approach to acquisitions seeking to add capital value without an adverse impact on the existing business.

The Group's businesses generate significant tax revenue in the territories in which they operate. It pays corporate tax on profits, social taxes on employment and other taxes. Additionally, it collects taxes on behalf of tax authorities, including payroll taxes, withholding taxes and indirect taxes such as VAT and excise duties.

Tax Strategy

The Group tax strategy is:

- To ensure compliance with all applicable tax laws and regulations in all countries in which the group operates.
- To support the business growth and development strategy through the appropriate management of its tax affairs.

Governance & Risk Management

The Board is responsible for the long-term performance of the Group and typically meets eight times per year. This includes all significant matters, such as business strategy, corporate and capital structures, approval of key financial matters, material contracts and the Board membership and remuneration. The Board governs the business with the aim of promoting long-term value for shareholders but considering wider stakeholders (such as customers, vendors and employees) and social responsibility.

The Board has ultimate responsibility for the risk management and effectiveness of the controls of the Group. As part of this, the Board is responsible for setting the tax strategy and the Group Finance Director has overall responsibility for its implementation. This implementation is carried out with the support of business unit/geographical Finance Directors and central tax staff. The Group Finance Director reports to the Board at least annually on the tax affairs including tax strategy, tax profile, tax audits and tax initiatives.

The group hires suitable qualified professionals globally and ensures they act ethically and with integrity. Reporting to the Group Finance Director, the Group Tax Manager is an appropriately qualified, experienced and a senior member of the Group finance team. The Group Tax Manager is responsible for the development and overall approach to and management of the Group's tax affairs. Taxes are managed through collaboration with the local Finance Directors, sales tax, VAT and payroll managers. A combination of in-house and third-party resources are deployed to ensure tax returns are thoroughly prepared and deadlines met.

Senior management is proactive in ensuring staff awareness of tax legislation changes, to ensure they have sufficiently current skills and knowledge to fulfil their tax responsibilities. The Group also uses third party advisors for new or complex tax issues, where external expertise is required to complement the in-house technical knowledge.

The Group recognises the complexity and inherent risks that come with operating in an international environment. These risks are managed through a team of suitably qualified staff and appropriately supported by external advisors. The Group Tax Manager identifies and monitors tax risks through regular meetings with finance, treasury, legal and HR staff. The Group Tax Manager also has regular meetings with the commercial and M&A teams, to ensure the tax aspects of business developments are properly identified and managed.

Attitude to Tax Planning

The Group has a conservative attitude to tax planning and does not engage in aggressive planning, tax evasion, artificial or structures that lack commercial substance. As the business grows and develops, it aims to ensure that it is structured in a tax efficient manner, making use of available exemptions and incentives offered by relevant jurisdictions. However, the Group is primarily focused on being compliant with the tax regimes in all countries that it operates.

The Group takes a measured approach when considering any tax planning, ensuring close alignment with the business. Where tax planning is undertaken, there is scrutiny by the Group Finance Director regarding the nature of the planning, the associated risks (including reputational) and is supported by external advisors. For example, during prospective business acquisitions, the method of acquisition and funding alternatives would typically include external tax advice and be considered as part of the overall deal.

Relationship with Tax Authorities

The Group aims to have an open, constructive and professional relationship with tax authorities worldwide. It aims to deal with any tax matters in a timely and collaborative manner.

The Group's tax compliance process, including the submission of tax returns and payments, aims to be timely and accurate and will, through full disclosure, provide enough detail to enable tax authorities to form an accurate view of the Group's tax affairs.

The Group is committed to making disclosures to tax authorities for any errors in its tax returns. It is committed to working with tax authorities through any disclosures or audits to accurately assess and quantify any resulting tax liabilities and make changes to the processes and control environment to prevent any reoccurrence.

The Group will meet all legal disclosure requirements relating to any planning undertaken and will seek advance agreement with tax authorities for the tax treatment of significant and complex transactions or where the legislation is subject to interpretation.