Delivering experiences
Beyond expectations

Midwich Group Plc

Interim Results Presentation
September 2020

Financial Highlights

Revenue
£302.0m
2019: £314.8m

Growth
(4.1)%
CFX: (3.9)%

Organic growth
(22.1)%

Gross Margin
14.5%
2019: 16.6%

Adjusted operating profit[1]
£4.1m

(71.9)%
CFX: (71.6)%

Adjusted PBT[2]
£3.2m
(76.6)%

Adjusted EPS
(79.1)%
to 2.67p

Net debt
£41.2m
2019: £53.3m

Notes
1 Adjustments are acquisition costs, share based payments, amortization
2 Adjustments are acquisition costs, share based payments, amortization, fx gains/losses on acquisition borrowings, put and call option finance costs

Midwich Group Plc

Impact of Covid 19

Negative Factors	Implication for Group
Limitations on customers being able to get on site to undertake installs	Generally limitations have significantly eased.
Some end users reviewing current project needs	A few cancellations, but more delays or reworking. New/ reworked orders now coming in
Hospitality and events sectors more impacted	Likely to remain impacted for some time. Events starting to be planned for 2021.
Limitations on our ability to engage with customers (experience centres, events);	"Covid secure" experience centres just opening. Customers seem keen to get back

Positive Factors	Implication for Group
Accelerated growth in areas of the market that we are well placed to serve	UC and streaming sales relatively strong
Education business has been strong - government continuing to invest	Business expected to grow in absolute terms in 2020
Significantly increased engagement with vendors looking for a strong partners;	Vendors launched already in 2020 expected to contribute > £45m revenue in 2021 Pipeline of new vendors could add the same again
We have found new ways of working which should improve efficiency for the future	Teams refocused onto growth areas. Travel and events spend curtailed.
Significant increase in customer engagement through on line training and support	Thousands of customer training sessions undertaken

We have used the last few months to manage risk and strengthen our business

Short Term Strategy – Key Focus Areas

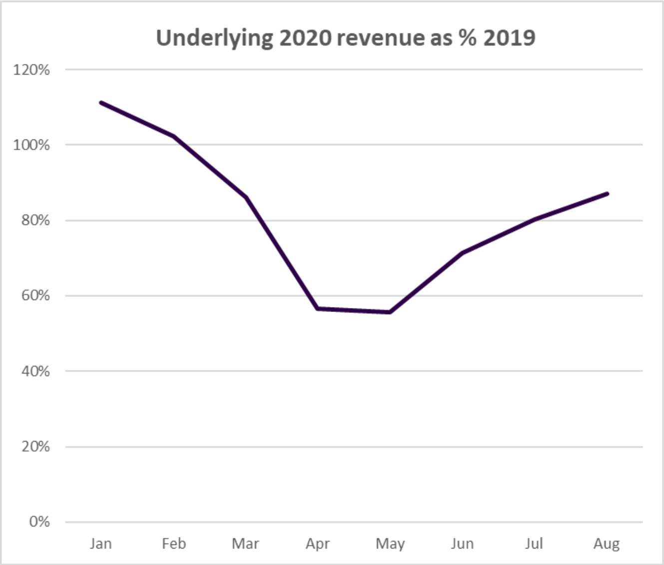
Risk Mitigation

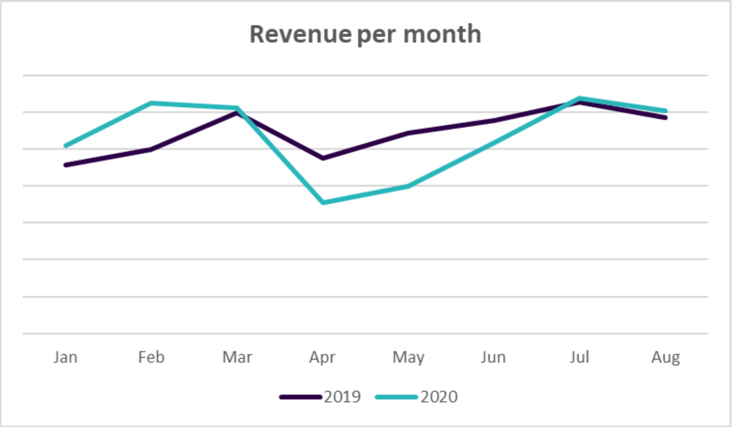
Staff safety
Working capital management
Overhead control
Keeping customer service and vendor support as high as possible
Secure funding arrangements
Cease discretionary capital spend

Recovery

Planning for short to medium term business development
New vendor acquisition and launch
Launch of "as a service" model
Bring people back to work and into offices safely
Continue to focus on working capital - particularly inventory management
Resume M&A programme and selective capex

Revenue Progression





- Underlying revenue heading back to 2019 levels. Including Starin, revenue since June > 100% of 2019;
- Product mix biased towards lower margin products and territories;
- New orders reflecting post Covid world requirements now being seen;
- Core AV in US represented 7% of Group revenue in H1;
- UK&I business profitable and improving month on month, but continued growth will be important to overall Group financial performance;
- CE revenues now back to 2019 levels;
- APAC struggling with lockdowns after stronger start;
- Overall Group order books higher than at the same time last year, but delivery dates more uncertain.

Gross margin impact

- Gross margin reduced from 16.6% to 14.5%;

- As expected, lower margin Starin business accounts for 0.4% of the reduction;

- Excluding Starin, margins lower across most categories due to:
  - Lower level of purchases in latter part of Q1 and Q2 means less ability to gain volume purchasing discounts and rebate targets more difficult to achieve in the short term;
  - More aggressive price competition in some of the volume product categories;
  - Stronger sales in some of the lower margin sub-categories (such as volume sales of audio sold through etail);
  - Weaker sales in higher margin sales of specialist products into the events sector;
  - High margin rental business significantly impacted by Covid 19 crisis

Sales into the venues/ events sector are likely to be impacted well into 2021 and will provide some headwind to overall Group margins.

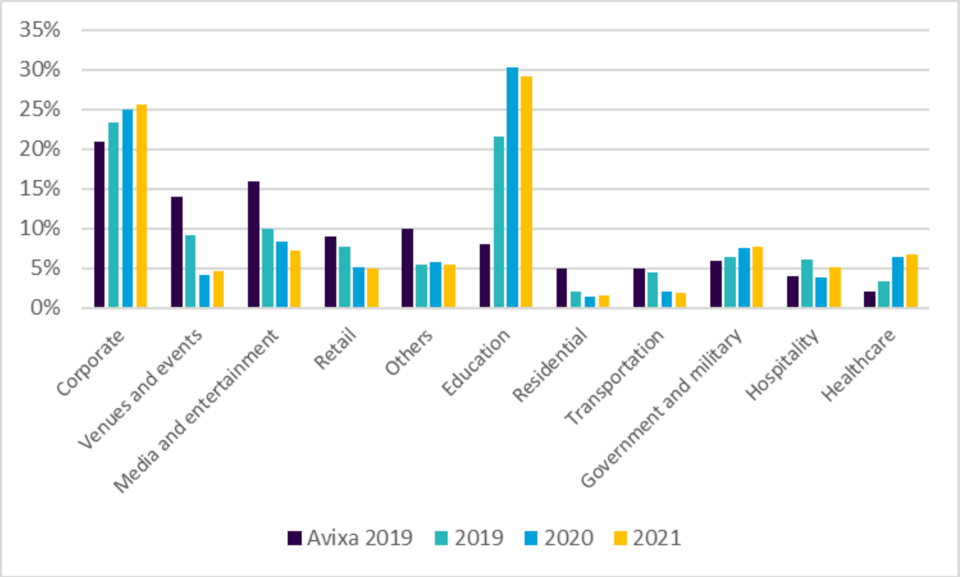
On the basis that we believe there will be little long-term impact to the structure of the AV industry, or our position within it, margins should return to normal in due course.

Market overview

Demand Drivers

- Saving cost
- Improving efficiency/effectiveness
- Gaining competitive advantage
- Environmental considerations
- Matches user/employee expectations

Estimated Split of Pro AV Revenue by End User Market



Source: AVIXA and Midwich internal survey estimates

- Pro AV represented over 90% of the Group's business in 2019, with consumer and document solutions the balance;
- Corporate and education represent around half of our business;
- Corporate covers a wide variety of industries and is expected to remain a significant part of the business;
- Education has been strong in 2020 – in part down to a number of government initiatives;
- Venue and events expected to be suppressed for some time. Other sectors relatively stable;
- UC technologies cut across most end user market segments, including corporate and education. We estimate our UC product and service sales were around £5m in 2019 and could represent around 10% of overall revenue in 2021

Global AV market expected to decline by 8% in 2020, return to 2019 levels by 2022 and then grow to $315bn by 2025 (five year CAGR 5.8%)

Source: AVIXA 2020

Expected revenue trends by end user market

	Impact excluding Starin		Starin impact on group revenue
	2020	**Full recovery by**	
Corporate	(30%)	2022	2020 decline halved. Recovery by 2021
Education	Single digit growth	N/a – growth accelerates in 2021	Double digit growth 2020
Hospitality	(60%)	2022	Recovery by end 2021
Broadcast/ media	(30%)	2022	Almost recovered by end 2021
Government	Small decline	2021	Growth in 2020
Venues/ events	(60%)	2022 – or later	No significant impact
Residential	(40%)	2021	No significant impact
Retail	(40%)	2022	No significant impact

Note : Assumes slow, steady improvement in market conditions.

Corporate end user market – short and longer term development

Covid 19 has accelerated trends we were seeing already:

- Remote working;
- Greater use of technology to facilitate communication;
- Further adoption of collaboration technology

We believe most end users are still trying to determine how they will work in the future and what office infrastructure they will require. We believe that offices in some form will continue to be core to corporate activities and that Midwich is well equipped to deal with the most likely requirements:

Same office space

- Teams split time in office and WFH;
- Fewer people in meeting rooms and huddle spaces;
- Effective unified comms/ collaboration solutions needed;
- Increase in streaming and broadcast technology;
- New technologies – “the touchless room”

“Corporate” is a broad category including offices, reception, meeting rooms, huddle spaces, boardrooms for a wide variety of sectors, including finance, services, technology, government.

Corporate end user market – short and longer term development

Smaller office space

- Technology can improve effectiveness where space is limited;
- Flexible working results in need for more technology;
- Enhanced collaboration solutions needed in order to improve the video conferencing experience (eg noise cancelling audio, AI solutions);
- Lower space cost may justify investment in more effective technology

AV technologies can help users work in a new way – eg “the contactless room”

Our assessment is that market changes, combined with our vendor portfolio will result in a recovery and growth in our corporate business from H2 2021

Corporate end user market – project examples

End User	Project
Major UK bank	Replace Cisco VC with Zoom in all meeting rooms, with complete hardware refresh
Global outsourced office provider	Considering Haas model for upgrading AV – model facilitates recharging
UK HQ for Canadian bank	Investing in more meeting rooms and huddle spaces. Changing traditional format from 5-6 people in a huddle space to 1-2
International pharmaceutical company	Major new project to supply displays for huddle spaces, meeting rooms and boardrooms in Netherlands
New Italian office for major accountancy business	Display technologies to provide revised meeting room requirements. Also corporate branding

We are seeing significant investment in AV technologies by banks across Europe

Education end user market – short and longer term development

Historically we have seen that in difficult economic times, governments continue to spend on education. This mirrors our experience in 2020:

- We believe our education business will be greater this year than last – including on an underlying basis;
- A number of countries and regions either had or have recently implemented, education investment projects (eg DigitalPakt in Germany). We have a strong legacy and product portfolio for the education market;
- New investment is being made to make classrooms covid safe and to facilitate simultaneous in-class and remote teaching. Technologies such as broadcast quality recording, live streaming upgraded audio are being implemented;
- Increasing need for universities to have “best in class” technology offering to attract overseas students;
- Some universities are seeing remote learning as a means of increasing student numbers;
- Lockdowns and a lack of students on site have flattened the install season – we expect more business outside the traditional holiday periods

We believe higher levels of education investment will continue for the foreseeable future

Education end user market – project examples

End user	Project
Italian university	Upgrading 360 classrooms. Moving from wireless to MXA beam tracking microphones – improves in room and remote experience. Adoption of IP technologies and projector upgrade
Italian university campus	Tailor made AV solution for whole campus. Best in class technology is a core part of business/ marketing strategy. IP based solution ideal for easy management. Classrooms equipped for onsite and online teaching
European army	Substantial interactive display roll out for training facilities
Australian State	New project to build/ refurbish 100 schools. Will incorporate IP based live and recorded paging, and also contactless technology
Major US education institute	Implementing long term "work from anywhere" strategy. Updating 100% of workforce to higher quality video and audio solutions

Other end user sectors showing good levels of activity

End User	Projects
Churches	Broadcast technologies (including high end audio)
Medical and healthcare	Improved communication across multiple sites. Some aged care projects
Pharmaceutical/ tech companies	Display technologies
Utilities	Meeting room technologies
Fast food	Display technologies
Government	Continued investment in police, army and some Covid-related projects
Retail	A number of high street and supermarket projects – particularly signage focused
Venues	Although generally quiet, some sports organisations are using this time to upgrade their AV and to implement broadcast technologies

Starin – integration, development and opportunity

Despite the difficult conditions, the Starin integration remains on track and the significant US opportunity unchanged:

Integration and business improvement

- We have built a very good working relationship with the team. Three new key strategic roles have been identified and are in the process of being filled (without increasing overall cost base);
- Opportunities to improve the business have started to be realised (for example, through improved working capital management net debt has reduced since the acquisition);
- Ongoing review of vendor portfolio likely to result in removal of some underperforming brands and refocus on higher growth areas;
- Further review of customer base reaffirms a substantial opportunity to gain market share with the existing product portfolio. Benefits identified through strengthening and refocusing sales function;

Group initiatives and synergies

- Knowledge of UC and vendor relationships have supported the rest of the Group's development (eg launch of a number of new key vendor relationships such as Poly and DTEN, and developing an international relationship with Zoom);
- Launch of Zoom Haas programme which will lead to wider group "as a service" offering;
- Already seeing benefits from Groupwide relationships with international integrators;

Starin's Core AV business expected to represent around 8% of Group revenue in 2020, with opportunity to grow significantly in the future.

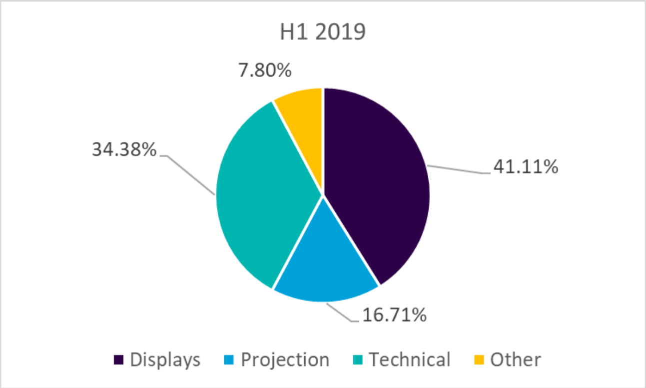
Long term strategy remains unchanged

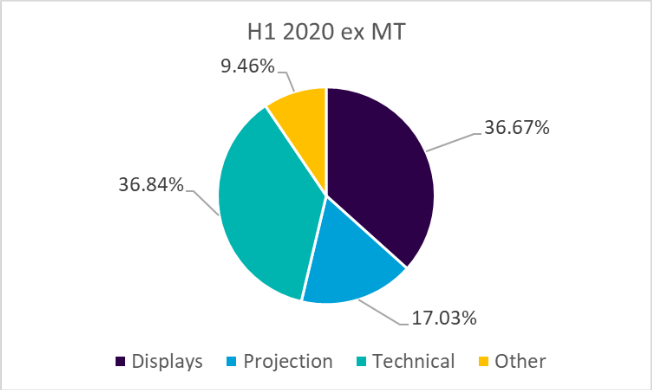
Specialisation

Geographical Coverage

Scale

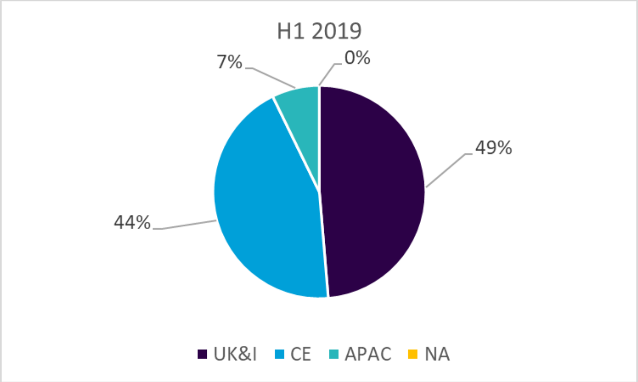
Sales by type

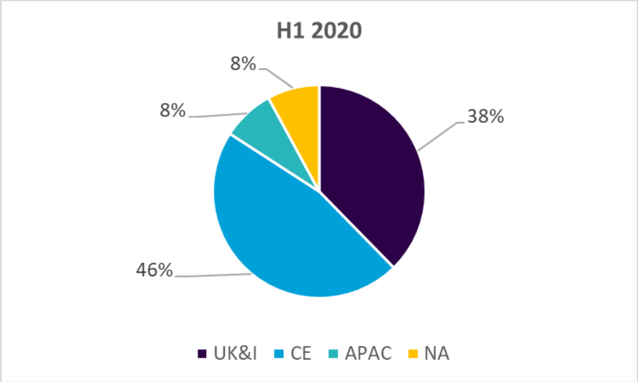




- Balance of business remains broadly similar
- Technical product sales increase as % of overall business.
- Small decline in relative importance of displays
- Other includes volume consumer audio product sold through e-tail

Sales by region





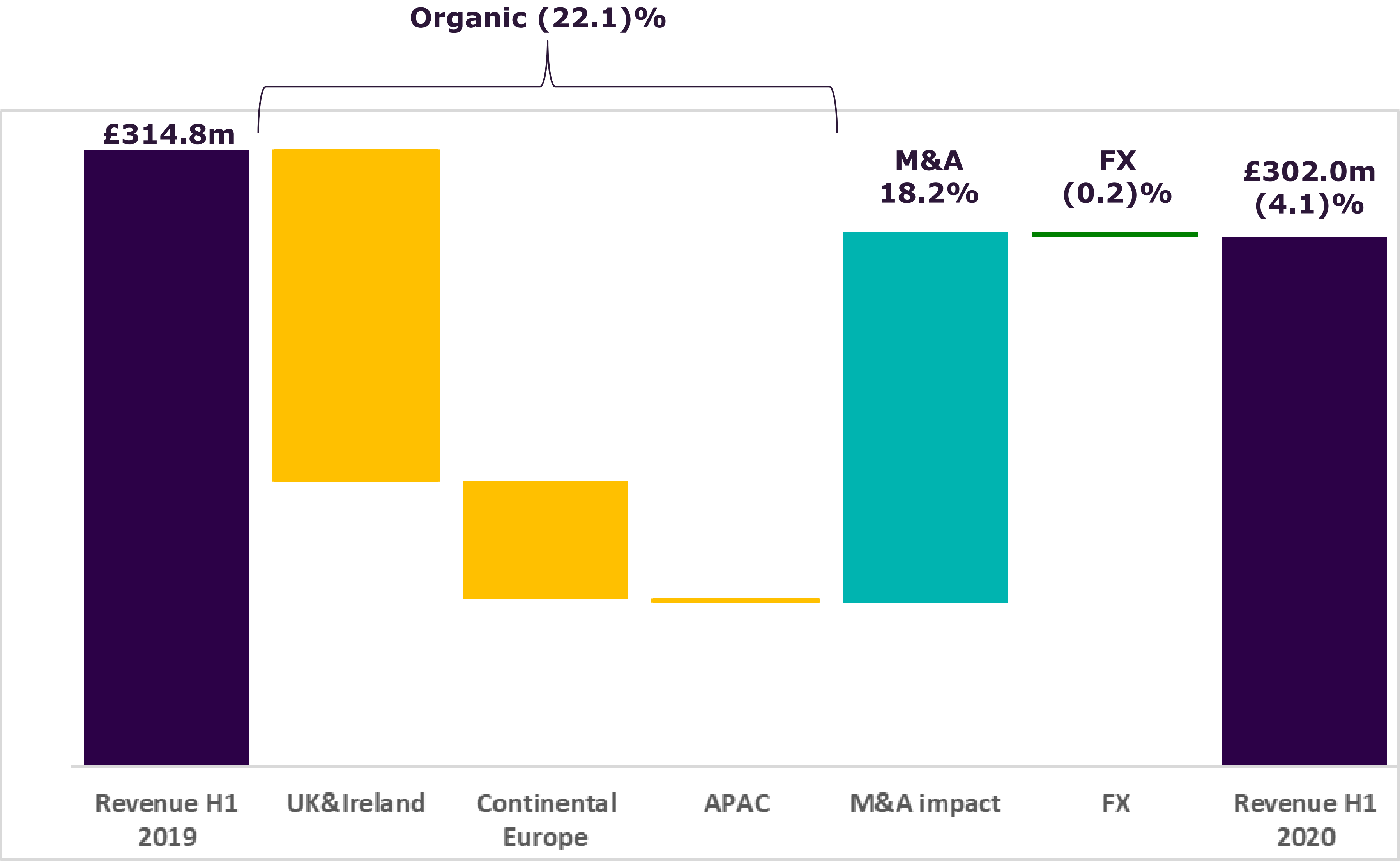
- Operations in 18 territories
- Covering 50% of world market
- UK&I sees greater pandemic impact
- Relatively strong performance in CE
- Starin contribution significant and with potential to grow

Note : the US audio fulfilment business is excluded from the analyses above vs H1 2019

4.1%
Revenue Reduction

22.1%
Organic Revenue Reduction

Revenue bridge H1 2020



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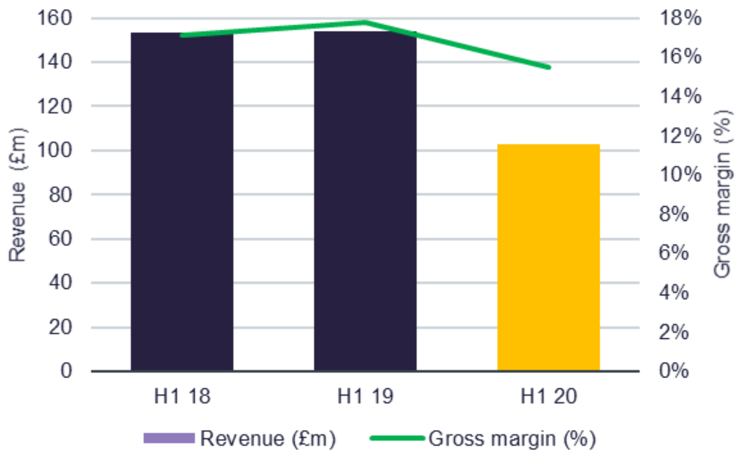
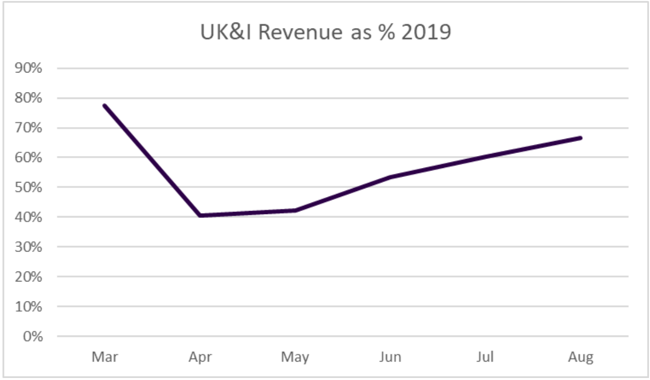
UK & Ireland

- Steady improvement in revenue from May onwards, with a focus on education, healthcare, streaming and home working use
- Fewer complex projects and a lack of rental activity has impacted margins
- Furlough and overhead savings helped limit the impact on operating profit and cash





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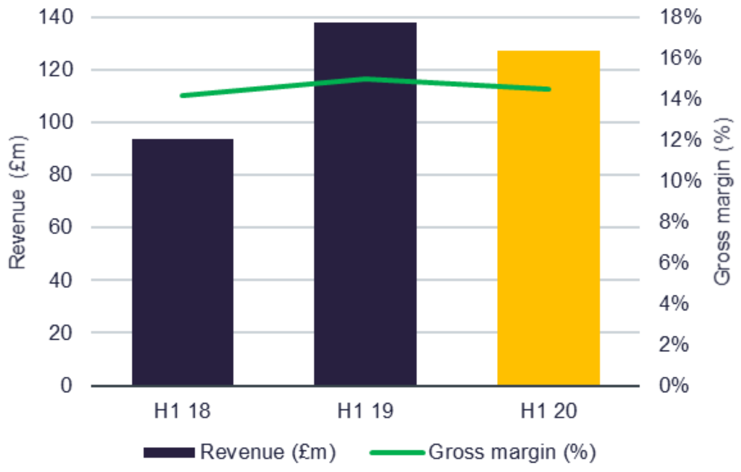
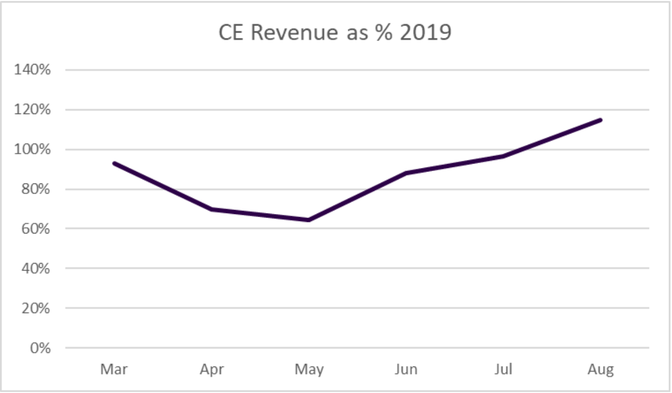
Continental Europe

- Covid 19 impact varies by country and product area with Germany performing the best due to demand for education and streaming solutions. Overall revenue down by 8% (13.1% organic decline)
- New vendor launches expected to support future growth
- Limited government support relative to UK&I, but good focus on cost control and cash management





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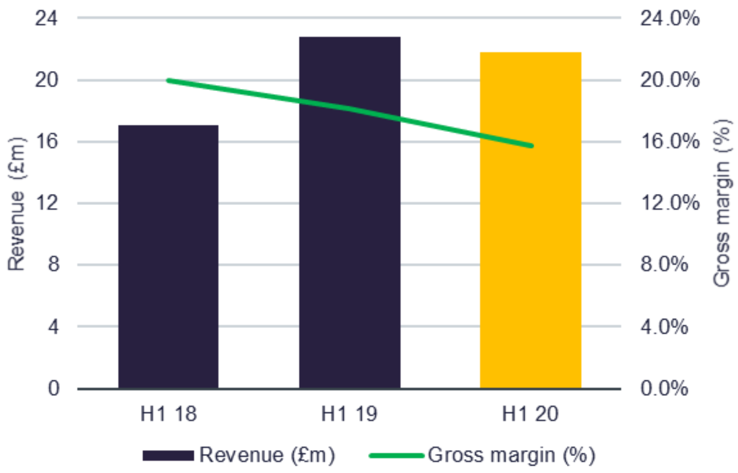
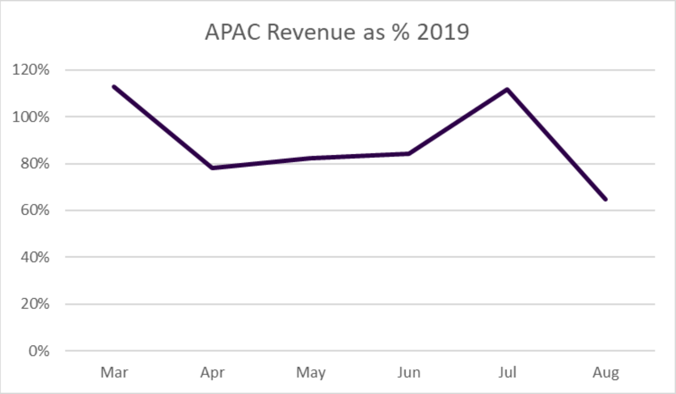
Asia-Pacific

- Revenue broadly in line with H1 2019 at constant exchange rates (1.8% organic decline). Margin impacted by change in mix away from high value installation projects
- Some disruption from recent local lockdowns
- Small Vantage unified communications acquisition in March 2020





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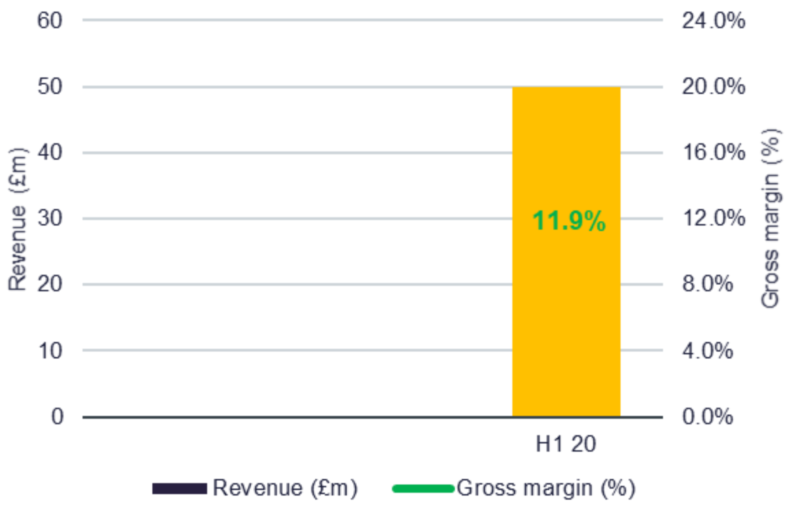
North America

- Integration progressing well
- Group able to leverage Starin's unified communications vendor relationships
- North American market provides opportunity for future growth



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Trading results

Summary Income Statement				
£m	**H1 2020**	**H1 2019**	**Actual change**	**Constant currency change**
Revenue	**302.0**	**314.8**	(4.1)%	(3.9)%
Gross profit *Margin*	**43.8** *14.5%*	**52.2** *16.6%*	(16.1)%	(15.9)%
EBITDA (Adj.)	**7.1**	**17.2**		
Adjusted operating profit *Margin*	**4.1** *1.4%*	**14.6** *4.6%*	(71.9)%	(71.6)%
Net finance expense	(0.9)	(0.9)		
Adjusted PBT	**3.2**	**13.7**	(76.6)%	(76.2)%
Taxation	(0.8)	(3.2)		
Adjusted PAT	**2.4**	**10.5**	(76.9)%	(76.6)%
Adjusted EPS (p)	**2.7**	**12.8**	(79.1)%	
DPS (p)	**-**	**4.85**		

- Revenue impacted by Covid-19 down 4.1% (Organic reduction of 22.1%)
- Gross margin adversely affected by product and project mix; mainly in Q2 – c£6m profit impact in H1
- Overhead increase of £2.1m. Starin added £5.3m which was partially offset by government support, part time working, salary reductions and expenditure control to help preserve cash
- No interim dividend declared

Focus on cash management

- Strong focus on cash management and working capital in H1 2020
- Adjusted net debt of £41.2m (£53.3m at December 2019)
- Adjusted net debt equivalent to 1.4x Adj EBITDA (H1 2019: 1.4x)
- HSBC RCF facility of £50m: <£20m utilised at 30 June 2020
- Over £130m of other facilities in place – mainly working capital
- Reduction in net debt due to careful cash management and net inflow of £5.3m from Starin fund raise
- Other liabilities include estimated payments for put/call options and deferred consideration
  - £10.2m due <12 months
  - £4.5m due >12 months

Balance Sheet		
£m	**H1 2020**	**H1 2019**
Non-current assets	**93.8**	**76.7**
Inventories	110.6	90.6
Trade and other receivables	92.5	107.3
Trade and other payables	(103.2)	(112.7)
Net working capital (ex cash)	**99.9**	**85.2**
Cash and cash equivalents	20.4	16.2
Borrowings (ex leases)	(61.6)	(70.1)
Leases	(17.9)	(17.4)
Other short term liabilities	(13.7)	(11.7)
Other long term liabilities	(14.5)	(16.7)
Net assets	**106.4**	**62.2**
Net debt (reported)	**59.2**	**71.3**
Adj net debt (ex leases)	**41.2**	**53.9**
Net working capital as % of revenue	*16.5%*	*12.4%*

Robust cash flow

Cash Flow		
£m	**H1 2020**	**H1 2019**
Adjusted EBITDA	**7.1**	**17.2**
Decrease/(Increase) in stock	8.3	(7.6)
Decrease/(Increase) in receivables	32.7	(12.1)
(Decrease)/Increase in adjusted payables	(39.1)	7.4
Cash flow from operations	**9.0**	**4.9**
Other cash items:		
Interest payments	(1.2)	(1.1)
Income tax	(0.8)	(3.0)
Acquisitions/deferred consideration	(21.3)	(11.7)
Debt acquired	(13.3)	(7.1)
Net capex	(1.5)	(3.7)
Adjusted EBITDA cash conversion	***127%***	***28%***

- Net cash inflow from operations before tax of £9.0m (H1 2019: £4.9m)
- Adjusted EBITDA cash conversion of 127%, significantly ahead of long term H1 trend, reflects focus on working capital
- Collections have held up well and trade credit insurance is in place for much of the Group
- Acquisitions/deferred consideration/debt acquired includes the acquisition of Starin together with deferred consideration for Prase and AV Partners
- Non-essential capex stopped as a result of the Covid-19 crisis, although ERP project to resume in H2

Summary and outlook

Covid-impacted financial performance

Revenue	Gross Margin	Adj. Op. Profit[1]	Adj. Net Debt[2]
(4.1)%	**14.5%**	**(71.9)%**	**£41.2m**
CFX: (3.9)%	2019: 16.6%	CFX: (71.6)%	1.4x EBITDA

Strong market position

- Market leadership positions
- Acquisitions well integrated
- Good cash generation

Positioned for growth

- New vendors and technologies
- Acquisitions meeting expectations
- Further M&A Pipeline

Positive outlook

- AV market growth expected from 2021
- Broadening technology portfolio
- 2020 expectations revised

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1 Adjustments are acquisition costs, share based payments, non-software amortisation

2 Adjusted net debt is stated excluding finance leases as a proxy for the net debt before the impact of IFRS 16 adoption

Appendices

Experienced management team and Board

Andrew Herbert

Non-Executive Chairman

Group Finance Director of Domino Printing Sciences plc from 1998 until the sale of the company to Brother Industries in 2015

Fellow of the Chartered Institute of Management Accountants

Stephen Fenby

Managing Director

Joined Midwich as Finance Director in 2004 before becoming Managing Director in 2010

Has led Group's acquisition and development programmes

Chartered accountant

Stephen Lamb

Finance Director

Joined end July 2018

Previously senior finance roles at Iron Mountain, Regus and Experian

Strong international and M&A experience

ACA qualified

Mike Ashley

Non-Executive Director

Chief Commercial Officer at Holland & Barrett.

Previously CCO of Travis Perkins P&H Division

Led the turnaround of Harvard International PLC (formerly Alba PLC) as CEO, culminating in the successful sale in 2013

Extensive retail and consumer experience through various commercial and strategic roles at Boots, Argos and Dixons

Hilary Wright

Non-Executive Director

Was Group HR Director of Domino Printing Sciences plc from 2016 until her retirement in 2019.

Extensive experience of international and M&A related HR strategy and operations

Fellow of Chartered Institute of Personnel and Development

Executive Leadership Team

Michael Broadbent

Managing Director – Asia Pacific

Joined as Managing Director in June 2014

30 years' experience within the Australian and New Zealand commercial Audio Visual market.

10 of these as owner of a leading Australian integrator

Senior roles in companies such as Rexel, Panasonic distributor.

Tom Sumner

Managing Director - Europe

Joined Midwich in 2007

Integration of Sidev business into the Group from 2010.

Development of the Group's expansion in to Europe.

Tom has a BSc in Business Management.

Mark Lowe

Managing Director – UK and Ireland

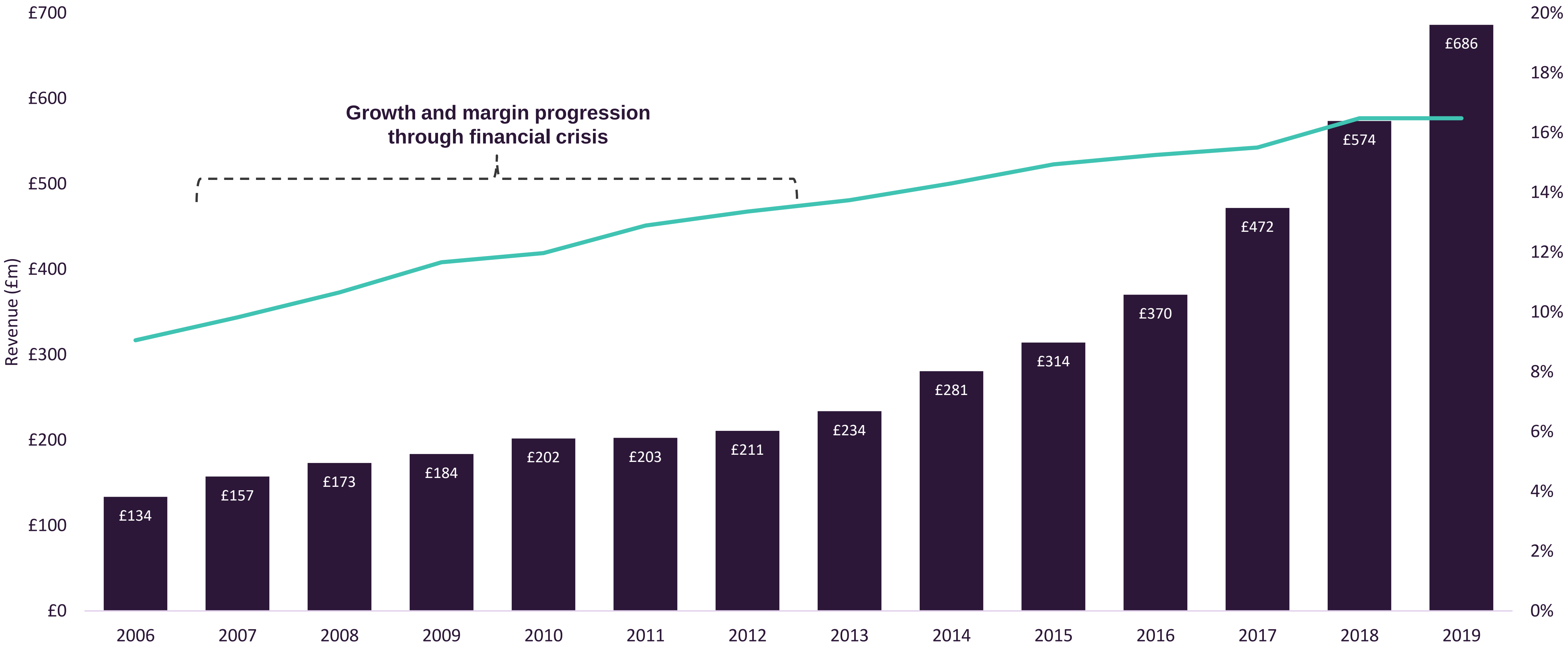
Joined Midwich Business Management team in 2004

Relocated to Midwich ANZ with his family to develop the business.

Managed major projects including pre and post acquisition strategies

In 2017 became COO and in 2018 became Managing Director of Midwich.

Long track record of accretive delivery



Long term strategy

	Why?	How?	Success Measures
Specialisation	Relevance Profitability Defensibility	Portfolio management Acquisition Value add services	Growth in technical product sales[1] Long term growth in gross profit %
Geographical Coverage	Support Projects Share of wallet	Acquisition Investment	Number of territories Market presence Number of customers
Scale	Efficiency Profitability Cross selling	Focus Sharing Expertise Referral Acquisition	EBIT % Growth Growth in acquired companies Product offering

[1]*Technical products generally require specialist technical knowledge to sell and often form part of complex solutions*

WHY OUR CUSTOMERS CHOOSE US

- Credit/business services
- Working together
- 100% trade only
- Nurturing long-term relationships
- Training and events
- Vertical market focus
- Market and web services
- Award-winning distribution
- Personal approach

"We help our customers to win and deliver successful projects"

WHY OUR VENDORS CHOOSE US

- Market focus
- Efficient logistics
- Scale and flexibility
- Marketing and sales support
- Events
- Long-term relationships
- Cross-border projects
- Market intelligence and trends

"We help our vendors build and deliver successful market development strategies"

Demand drivers in the AV Industry

Driver	Reason	Examples
Cost Saving	Reduces people costs	• Touch screen in shopping centre reduces need for help desk staff • Touch screen ordering in fast food outlet reduces serving staff
	Reduces waste	• Elimination of posters reduces paper waste
Improve efficiency/ effectiveness	Saves time	• Video conferencing means less travelling time for executives
	Allows rapid changes to marketing proposition	• Digital signage allows pricing and promotions to be updated dynamically from central point
	Improves performance	• Collaboration solutions make business meetings more effective through easy sharing and development of ideas across wide geographies • Video walls in security/ military centres enable rapid assessment of situations and improved decision making
	Improves Learning	• Collaborative learning solutions in classrooms give teachers real time analysis of students' understanding of lessons • Interactive displays facilitate improved learning in the classroom
Give competitive advantage	New revenue sources	• Digital signage enables petrol forecourts to sell advertising • Commercial Grade AV required to host global Esports tournaments. "Sports of the future will be played on AV not a grass pitch"
	Improve customer proposition	• Displays, audio and lighting improve ambiance in high street retail - giving a competitive advantage over on-line • Video walls in gyms show inspiring content to users • Extensive use of innovative AV in concerts improves audience experience • AV in museums improves visitor engagement and learning enjoyment
	Data analytics helps focus business strategy	• Use of facial recognition and ANR enables collection of customer data and focused promotional activity
Matches user/ employee expectations	Extensive use of mobile devices gives expectation	• Use of AV in workplace fits with how people live their personal lives, giving sense of congruence
Safeguarding	Evidence to protect against litigation	• Multi angle and camera view high definition recording of operating theatres to protect patients and surgeons in the event of alleged medical negligence
	Real time monitoring and surveillance	• Large videowall canvases displaying high numbers of CCTV streams with operator ability to enlarge one or more streams and track persons of interest live with facial and gait recognition as they move within camera zones • Audio and PAVA equipment for the hearing impaired and to voice evacuation regulations to ensure equal opportunities

Market Data – AVIXA 2019

Global Pro AV Market Size by Region - 2019

Geographic Area	Share of Global	Total Revenue ($bn)
Europe	23%	55.9
Middle East & Africa	4%	11.0
North America	31%	76.3
Latin America	5%	12.8
Asia Pacific	37%	90.6
Total	**100%**	**246.6**

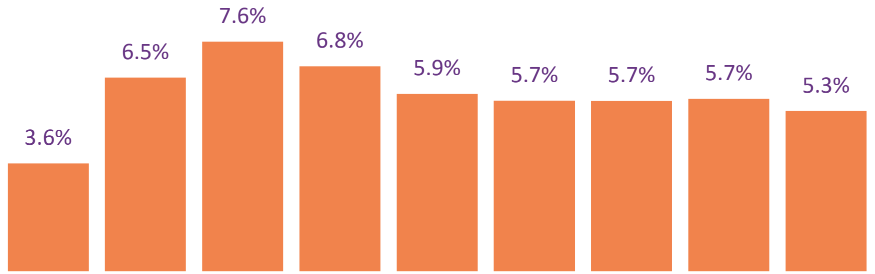
Global Pro AV Market – Key Geographical Areas- 2019

Geographic Area	Share of Global	Total Revenue ($bn)
USA	22%	69.9
China (Mainland)	16%	53.3
Middle-East & North Africa	3%	9.3
Rest of South America	1%	4.7
Germany	3%	10.0
Rest of Western Europe	2%	5.7
Central Europe	3%	9.1
Brazil	1%	4.5
UK	2%	6.8
Canada	2%	6.4
South East Asia	2%	6.9
Japan	3%	9.7
France	2%	6.4

Global Pro AV Market Revenues

$m

2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	CAGR (2019 -2024)
194.4	201.4	214.4	230.8	246.6	261.1	276.0	291.6	308.3	324.8	5.67%



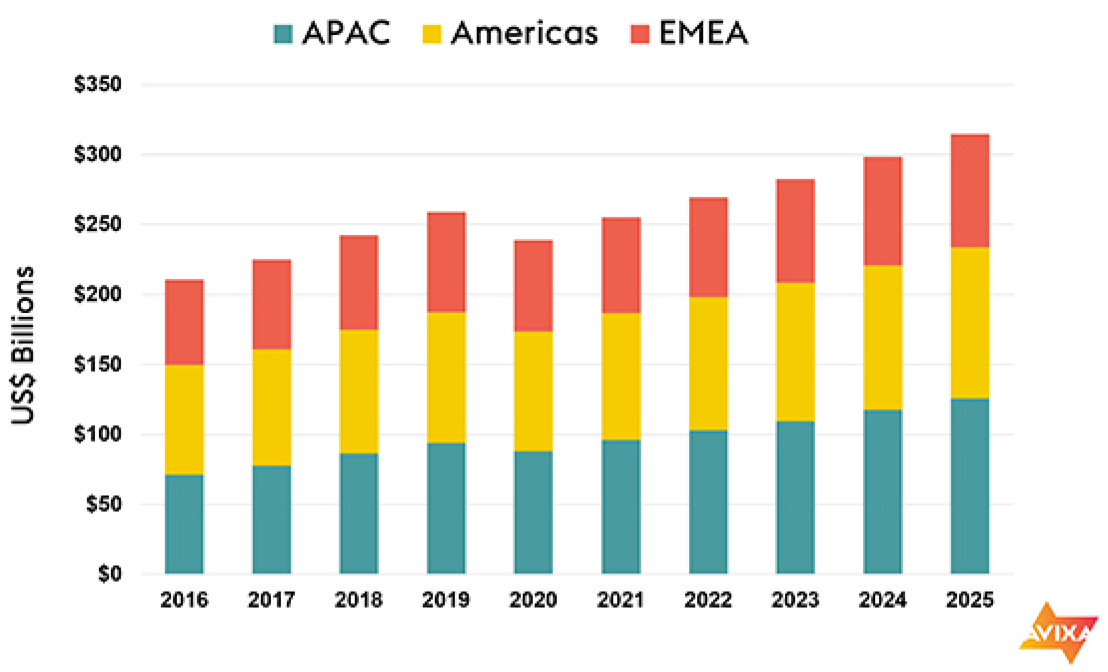
Geographic Area	2019	2024	CAGR
Europe	55.9	69.7	4.51%
Middle East & Africa	11.0	15.4	6.96%
North America	76.3	94.9	4.46%
Latin America	12.8	17.1	5.96%
Asia Pacific	90.6	127.7	7.11%
Total	**246.6**	**324.8**	**5.67%**

Midwich Group revenue accounted for

0.3%

of the global market in 2019

Market Forecasts – AVIXA July 2020



Key highlights:

- Global revenues expected to fall 8% in 2020 before hitting pre-Covid 2019 levels in 2022;
- CAGR of 5.8% expected between 2020 and 2025;
- APAC expected to grow at 7.4%, compared with 4.7% for Americas and 4.5% for EMEA;
- Corporate spend expected to remain as the largest segment, at 22% of ProAV revenue. Energy and utilities expected to show greatest growth;
- Conferencing and collaboration remains largest solution area at $38bn (16% of market) in 2020.
- Security/surveillance/life safety expected to grow quickly, with an 11.4% CAGR. Government and military, education, and corporate are three verticals that will generate the most demand for this solution area, due in part to the pandemic

Regional results highlights – H1 2020

Region	Revenue H1 2020 £m	Revenue H1 2019 £m	CFX %	Org %	GP % 2020	GP % 2019	GP % Change
UK&I	103.1	154.0	(33.1)%	(33.1)%	15.5%	17.8%	-2.3%
Continental Europe	127.2	138.0	(8.0)%	(13.1)%	14.5%	15.0%	-0.5%
APAC	21.7	22.8	(0.7)%	(1.8)%	15.7%	18.1%	-2.4%
North America	50.0	-	-	-	11.9%	-	-
Total	**302.0**	**573.7**	**(3.9)%**	**(22.1)%**	**14.5%**	**16.5%**	**-2.1%**

Adjusted operating profit[1]	£m	£m	CFX %
UK&I	2.1	9.8	(78.6)%
Continental Europe	2.0	5.0	(58.9)%
APAC	0.4	1.2	(68.8)%
North America	0.7	-	
Group	(1.1)	(1.4)	
Total	**4.1**	**14.6**	**(71.6)%**

1 Adjustments are costs relating to the initial public offering, acquisition costs, share based payments, amortization of acquired intangibles

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2 2019 restated to reflect the adoption of IFRS 16 and to include amortisation of patents and software

Adjustments to statutory results – H1 2020

£m	H1 2020	H1 2019
Statutory operating profit/(loss)	**(0.7)**	**10.5**
Acquisition related expenses	0.4	0.3
Share based payments and employer taxes	1.3	1.5
Amortisation of acquired intangibles	3.1	2.3
Adjusted operating profit	**4.1**	**14.6**
Statutory profit after tax	**(3.0)**	**9.0**
Operating profit adjustments (above)	4.8	4.1
Derivative movements and FX gains/losses on borrowing for acquisitions	0.5	0.2
Finance costs – change in carrying value of deferred consideration/Put & call options	0.5	(1.8)
Tax impact of adjustments	(0.6)	**(1.0)**
Adjusted profit after tax	**2.2**	**10.5**

Note, adjusted profit after tax after non-controlling interests is £2.1m for H1 2020 (£10.1m H1 2019)

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Midwich
Group Plc