

6 September 2022

**Midwich Group plc**  
("Midwich" or the "Group")

**Interim results for the six months ended 30 June 2022**

**Significant organic growth delivered, well ahead of the overall market**

Midwich Group (AIM: MIDW), a global specialist audio visual distributor to the trade market, today announces its Interim Results for the six months ended 30 June 2022 ("H1 2022").

**Statutory financial highlights**

	Six months ended		Growth %
	30 June 2022 £m	30 June 2021 £m	
<b>Revenue</b>	<b>568.6</b>	<b>390.1</b>	46%
<b>Gross profit</b>	<b>84.7</b>	<b>59.1</b>	43%
<i>Gross profit %</i>	<i>14.9%</i>	<i>15.1%</i>	
<b>Operating profit</b>	<b>12.7</b>	<b>7.6</b>	67%
<b>Profit/(loss) before tax</b>	<b>10.4</b>	<b>7.1</b>	46%
<b>Profit/(loss) after tax</b>	<b>7.6</b>	<b>4.6</b>	65%
Reported EPS - pence	7.93	4.79	66%

**Adjusted financial highlights**

	Six months ended		Growth %	Growth at constant currency %
	30 June 2022 £m	30 June 2021 £m		
<b>Revenue</b>	<b>568.6</b>	<b>390.1</b>	46%	46%
<b>Gross profit</b>	<b>84.7</b>	<b>59.1</b>	43%	44%
<i>Gross profit %</i>	<i>14.9%</i>	<i>15.1%</i>		
<b>Adjusted operating profit<sup>1</sup></b>	<b>20.2</b>	<b>13.9</b>	45%	45%
<i>Adjusted operating profit %</i>	<i>3.6%</i>	<i>3.6%</i>		
<b>Adjusted profit before tax<sup>1</sup></b>	<b>19.2</b>	<b>13.0</b>	47%	47%
<b>Adjusted profit after tax<sup>1</sup></b>	<b>14.4</b>	<b>9.4</b>	53%	53%
Adjusted EPS - pence <sup>1</sup>	15.42	10.08	53%	
Interim dividend per share - pence	4.5	3.3	36%	

<sup>1</sup>Definitions of the alternative performance measures are set out in Note 2

### Financial highlights

- Revenue increased 45.8% to £568.6m (46.2% on a constant currency basis) reflecting strong demand in all regions and the contribution from two UK&I acquisitions completed in the period
- Adjusted profit before tax growth of 47.4% to £19.2m (H1 2021: £13.0m)
- Operating cash conversion at (32%) reflecting typical seasonal investment in working capital to support business growth (H1 2021: (31%))
- Adjusted net debt at period end comfortably within covenants at 2.1x, following seasonal inventory build and two acquisitions
- Interim dividend declared of 4.5 pence per share, an increase of 36% (Interim 2021: 3.3p)

### Operational highlights

- Organic revenue growth of 27.9%, which is more than double the rate of the overall market
- Strong contributions from acquisitions of Nimans and DVS in H1 2022, expanding Group's UC offering and giving access to a new market segment – video security products
- Gross margin slightly lower due to aged stock provisions, which are expected to largely reverse
- Management continues to see a strong acquisition pipeline, across a number of regions

### Post period trading

- Trading since 30 June 2022 has been in line with the Board's expectations which were recently upgraded in the Company's Pre-close Trading Statement on 19 July 2022, and remain well ahead of the comparative period.

There will be a webinar for sell-side analysts and investors at 9:30am today, 6 September 2022, the details of which can be obtained from FTI Consulting: [midwich@fticonsulting.com](mailto:midwich@fticonsulting.com).

### Stephen Fenby, Managing Director of Midwich Group plc, commented:

"The Group delivered outstanding revenue growth of 45.8% to £568.6m in H1 2022. This reflected significant organic revenue growth of 27.9%, which was supplemented by a strong contribution from the two UK businesses acquired in early 2022. Our performance compares very favourably with AVIXA's global pro AV market growth estimate of 10.5% for 2022.

Trading performance in the UK & Ireland, and North America was particularly impressive, with growth on a constant currency basis of 86.3% and 81.5% respectively on H1 2021. Growth was driven by a combination of market share gains, new vendors and technologies and partial recovery in some end user markets.

We have also seen some recovery in the live events markets as well as for in-person activities such as in the theatre and leisure sectors, as people regain confidence to attend in-person events.

Although general macro-economic conditions are widely expected to remain challenging over the coming months, the Group has not seen a fall-off in demand. I believe that we have demonstrated the resilience of our business in more challenging economic conditions, as seen by our strong performance throughout prior recessions. Despite our overall scale, growth and geographic breadth, the opportunity for the Group to grow profitable market share remains strong. Furthermore, the evidence within our business supports the recent AVIXA report which points to any potential negative impact to the AV industry of a general economic downturn being balanced by increased demand from in-person events.

The Board believes that the Group's business and the broader AV market should continue to improve steadily across the remainder of 2022 and into 2023, although there remains a risk of negative impact due to a decline in general economic conditions. Shortages of product and supply chain challenges appear to be easing in some areas, although critical component shortages continue to cause difficulties in completing projects. Our order books

Midwich Group plc

remain strong. Trading since the end of H1 has been in line with the Board's recently upgraded expectations and well ahead of the comparative period."

For further information:

<b>Midwich Group plc</b> Stephen Fenby, Managing Director Stephen Lamb, Finance Director	<b>+44 (0) 1379 649200</b>
<b>Investec Bank plc</b> (NOMAD and Joint Broker to Midwich) Carlton Nelson / Ben Griffiths	<b>+44 (0) 20 7597 5970</b>
<b>Berenberg</b> (Joint Broker to Midwich) Ben Wright / Richard Andrews / Alix Mecklenberg-Solodkoff	<b>+44 (0) 20 3207 7800</b>
<b>FTI Consulting</b> Alex Beagley / Tom Hufton / Rafaella de Freitas	<b>+44 (0) 20 3727 1000</b>

## About Midwich Group

Midwich is a specialist AV distributor to the trade market, with operations in the UK and Ireland, EMEA, Asia Pacific and North America. The Group's long-standing relationships with over 600 vendors, including blue-chip organisations, support a comprehensive product portfolio across major audio visual categories such as large format displays, projectors, digital signage and professional audio. The Group operates as the sole or largest in-country distributor for a number of its vendors in their respective product sets.

The Directors attribute this position to the Group's technical expertise, extensive product knowledge and strong customer service offering built up over a number of years. The Group has a large and diverse base of over 20,000 customers, most of which are professional AV integrators and IT resellers serving sectors such as corporate, education, retail, residential and hospitality. Although the Group does not sell directly to end users, it believes that the majority of its products are used by commercial and educational establishments rather than consumers.

Initially a UK only distributor, the Group now has around 1,500 employees across the UK and Ireland, EMEA, Asia Pacific and North America. A core component of the Group's growth strategy is further expansion of its international operations and footprint into strategically targeted jurisdictions.

For further information, please visit [www.midwichgroupplc.com](http://www.midwichgroupplc.com)

## Managing Director's Report

### Overview

The Group continued to make strong progress in H1 2022, with trading improving in all our key territories. Once again, I would like to thank our team for its exceptional performance in the face of ongoing business and personal challenges. Although the direct impact of the pandemic has lessened, we have dealt effectively with continuing challenges, such as product shortages, unpredictable supplies and inflation. However, with the return of in-person activity and meetings, such as trade shows, we have been able to rekindle personal relationships with colleagues, customers and vendors alike.

Maintaining a consistent high service level to our customers and vendors remains a key focus for the Group, such that we become a long-term trusted partner. We continue to work hard to provide exceptional service despite the well flagged broader industry challenges such as ongoing product shortages. Although we have seen shortages beginning to ease in a number of product areas (such as flat panel displays), ongoing shortages of some

critical system components can cause difficulties in completing projects. Our focus on developing our offering in the AV market continues to be beneficial for our customers and vendors alike.

Working capital management remains a key focus for the Group. As expected, as the business has recovered, inventory levels have also increased. I remain comfortable that our inventories are aligned with sensible business requirements and our growth ambitions.

### **Trading performance**

The Group has continued to build upon the recent trading momentum seen in the second half of 2021, with revenue increasing by 45.8% to £568.6 million (constant currency growth also 45.8%). Strong organic growth of 27.9% was supplemented by very positive contributions from the two businesses acquired earlier in the year.

The gross margin percentage was 0.2% lower than H1 2021. This reduction was a combination of stronger sales of higher margin product areas being offset by an increase in the provision for aged inventory. The Group operates a strict provisioning policy based on the age of inventory. With unpredictable product supplies continuing, the Group has taken advantage of buying opportunities as they have arisen to ensure we are able to best service our clients. This has sometimes meant holding larger inventory levels, which takes time to reduce to normal levels. We expect that most of the aged stock provision will reverse by the end of 2022 without the need for substantial discounting.

The Group benefitted from operational leverage particularly in the UK&I and North America, with the result that despite the 0.2% reduction in the gross margin we achieved an increase in the net margin from 3.3% to 3.4% during the period.

### *Products*

Revenue from the two mainstream product areas (displays and projection) increased by 21%, which is below the overall rate of growth of the Group. These mainstream categories now account for an aggregate of just 42% of Group revenue as we continue to diversify into specialist areas. The gross margin on mainstream categories reduced a little due to the impact of the aged stock provision movement.

Revenue in specialist product areas, such as technical video, audio, broadcast and lighting grew by 86%. Technical products now account for over half of the Group's revenue. The Group's long-term strategy is to continue developing its presence and expertise in more specialist product categories where there are attractive growth and margin opportunities. This includes new categories such as security and telecoms products, in addition to the growing unified communications and collaboration segment.

As expected, revenues in the broadcast segment fell as the strong demand for home broadcast equipment seen through lockdowns returned to normal levels. Overall, gross margins in technical product categories reduced by around 1.3% - a combination of prudent aged stock provision movements and the inclusion of lower margin telecoms products.

The Board believes that the current market conditions, highlight more than ever, the need for manufacturers to use a high-quality specialist distributor, such as Midwich. As such, our new vendor launch programme has continued, with significant success.

### *Customers*

The Group's focus has always been on seeking to provide our customers with consistently high levels of service and support. Although our customer base tends to be adaptable and resilient, we are aware that they continue to face challenges with shortages of skilled staff and of products, and of unpredictable demand. We have sought to flex our model in order to support our customers and to accommodate the needs of the channel. A number of

markets (such as live events and hospitality) have seen a return to growth in the first half of 2022 which we anticipate will continue to recover over the short to medium term.

Our expansion into new product categories over the last couple of years (such as unified communications, security and telecoms) has broadened the Group's customer base, and also its level of engagement with major international integrators.

#### *End-user markets*

A number of end user markets, such as education and government, have remained strong in H1 2022. We have seen some return of the corporate market, although this recovery is still ongoing. The live events and hospitality markets are starting to recover, with notable growth in corporate events in the UK&I and outdoor events in parts of southern Europe. The high street retail market remains very subdued, and we note that AXIVA predicts that this market will not return to pre-pandemic levels until 2025.

#### **Strategy**

The Group's strategy remains clearly focused on markets and product areas where it can leverage its value-add services, technical expertise, and sales and marketing skills. Services, skills and geographies are developed either in-house or through acquisitions.

Using its market knowledge and skills, the Group provides its vendors with support to build and execute plans to grow market share. The Group supports its customers to win and then deliver successful projects.

During the period, the Group continued to deliver successfully on this strategy, including building expertise and reach in the unified communications market and continuing to launch with new vendors and technologies.

Historically, the Group has successfully used acquisitions to enter new geographical markets and to add both expertise and new product areas. Once acquired and integrated, businesses are supported to grow organically and increase profitable market share. The Group continues to pursue a strong pipeline of opportunities, either self-sourced or, increasingly, through approaches by business owners who wish to join a strong AV focused group.

The Board continues to focus on strengthening the Group's product offering, technical expertise and geographical reach.

#### **Acquisitions**

The Group completed two acquisitions during the first half of 2022.

In January 2022, the Group completed the acquisition of a 65% controlling stake in Cooper Projects Limited, the parent company of DVS Limited ("DVS"), a UK based distributor of video security products.

Based in Cardiff, DVS is a specialist distributor of CCTV and associated video recording technologies together with complementary technologies, such as access control, intercom, and intruder detection. DVS provides solutions for trade customers throughout the UK, across key verticals including the corporate, retail and residential markets.

This acquisition gives the Group access to a significant segment of the AV market in which it had little presence, and which is expected to grow at around 8% per annum for the next five years.

In February 2022, the Group acquired Nimans Limited and its subsidiaries (collectively "Nimans"). Nimans is a UK based specialist distributor of unified communications, telecoms, collaboration and audio visual technologies.

The Group continues to grow its unified communications offering and Nimans brings further opportunities to the Group, in terms of skills in new product and technology areas, service offerings to the trade, a large new customer base and new vendor relationships.

These acquisitions bring new technologies, customers and vendors and further deliver on the Group's strategy to grow earnings both organically and through selective acquisitions of strong, complementary businesses.

In the period, the Group acquired the remaining minority shareholding in Earpro S.A. and Entertainment Equipment Supplies SL, its Spanish audio and lighting businesses. Following the period end, the Group also acquired the remaining minority shareholding in Prase Engineering SpA, its Italian audio specialist.

Today, the acquisition pipeline remains healthy and the management team continue to review attractive opportunities in a number of markets and regions.

## **Outlook**

According to research published by industry trade body AVIXA in July 2022, the global market for AV grew by 11% in 2021 and is expected to grow by a further 10.5% in 2022. The market is expected to have recovered to its 2019 size (pre-covid pandemic) by the end of 2022, from when AVIXA predicts an annualised growth rate of 5.9% to 2027.

The Board concurs that the wider AV industry is well positioned for long-term growth and believes that the Group is very well positioned to take advantage of growth opportunities.

The Board believes that the Group's markets and business should continue to improve steadily across the remainder of 2022 and into 2023, although there remains a risk of negative impact due to a decline in general economic conditions. Shortages of product appear to be easing somewhat, although ongoing shortages of some critical system components continue to cause difficulties in competing projects. Order books remain strong and underpin the Board's confidence in the Group's outlook for the current year and beyond.

Trading since the end of H1 has been in line with the Board's recently upgraded expectations for the full year, and well ahead of the comparative period.

## Regional highlights

	Six months ended		Total growth %	Growth at constant currency %	Organic growth %
	30 June 2022 £m	30 June 2021 £m			
<b>Revenue</b>					
UK & Ireland	239.3	128.6	86.1%	86.3%	30.6%
EMEA	247.9	210.2	17.9%	20.4%	20.4%
Asia Pacific	25.0	22.2	12.7%	12.2%	12.2%
North America	56.4	29.1	94.0%	81.5%	81.5%
<b>Total Global</b>	<b>568.6</b>	<b>390.1</b>	<b>45.8%</b>	<b>46.2%</b>	<b>27.9%</b>
<b>Gross profit margin</b>					
UK & Ireland	15.7%	15.4%	0.3 ppts		
EMEA	14.1%	14.5%	(0.4) ppts		
Asia Pacific	15.7%	17.7%	(2.0) ppts		
North America	14.7%	17.2%	(2.5) ppts		
<b>Total Global</b>	<b>14.9%</b>	<b>15.1%</b>	<b>(0.2) ppts</b>		
<b>Adjusted operating profit<sup>1</sup></b>					
UK & Ireland	10.8	4.9	119.0%	119.7%	
EMEA	8.7	9.1	(4.0)%	(3.0)%	
Asia Pacific	0.2	0.5	(67.7)%	(68.2)%	
North America	3.1	1.1	174.0%	156.4%	
Group costs	(2.6)	(1.7)			
<b>Total Global</b>	<b>20.2</b>	<b>13.9</b>	<b>45.0%</b>	<b>44.5%</b>	
Adjusted finance costs	(1.0)	(0.9)			
<b>Adjusted profit before tax<sup>1</sup></b>	<b>19.2</b>	<b>13.0</b>	<b>47.4%</b>	<b>47.1%</b>	

<sup>1</sup>Definitions of the alternative performance measures are set out in Note 2

All percentages referenced in this section are at constant currency unless otherwise stated.

**UK & Ireland**

Revenue in the UK & Ireland (UK&I) increased by 86.3% in the period, including the impact of the acquisitions of DVS and Nimans at the beginning of the year. Acquisition integration is proceeding well, reflecting the strong cultural fit. Both businesses are performing strongly and have delivered revenue synergies earlier than expected.

Organic revenue growth was exceptionally strong at 30.6% with the business benefitting from the return to normal working practices following the cessation of pandemic restrictions and further significant market share gains. The market share gains are attributed particularly to the contribution from new vendors launched in the last two years, combined with strong long-term value added partnerships with our customers.

The gross margin percentage improved by 0.3 ppts compared with H1 2021, reflecting a partial recovery in higher margin markets such as live events, entertainment and hospitality.

Adjusted operating profit increased by 119.7% in the UK&I to £10.8m.

## **EMEA**

After an exceptionally strong performance in 2021, EMEA achieved further market share gains with growth of 20.4% to £247.9m in the period. There was good growth across the region with notable performances in the Middle East, as a result of project demand and the benefit of new vendors added in prior periods; in Southern Europe, due to a rebound in demand from corporates and live events; and in Germany, where the education market demand remains high. After two years of unprecedented demand, broadcast solutions revenue returned to normal levels.

Gross margin at 14.1% was below the prior year reflecting both the impact of an increase in the aged inventory provision, due to holding some additional volumes to ensure continuity of supply, and product mix. There were signs of product supply issues beginning to ease during the period, although this continues to have an impact especially with respect to complex/higher margin projects.

Adjusted operating profit in EMEA at £8.7m was broadly in line with the same period in 2021.

## **Asia Pacific**

Revenue in Asia Pacific was up 12.2% on the prior year. The region continued to be impacted by COVID-19 restrictions, although these have eased in recent months. Revenue growth was driven by increased sales of displays into the education and corporate markets. We continue to see a higher level of enquiries for larger projects, although ongoing product supply challenges and the delayed market recovery mean that the timing of delivery is uncertain.

The Asia Pacific gross profit margin of 15.7% was 2.0 percentage points below H1 2021, reflecting the less technical product mix.

Adjusted operating profit in Asia Pacific was £0.2m (H1 2021: £0.5m).

## **North America**

Trading in North America was very strong, reflecting the strategic focus on its specialist AV business and the benefit of investment in sales capabilities. The Starin business is performing well and has added new brands over the last two years and increased both its customer base and its share of wallet with existing customers. Revenue in North America increased by 81.5% to £56.4m.

The increased scale and focus on core AV activity resulted in gross margins of 14.7% which we understand is ahead of the wider North American market. Gross margins in the prior period benefitted from the release of provisions in respect of aged stock sold in the period.

Adjusted operating profit in North America increased by 156.4% to £3.1m (H1 2021: £1.1m).

## **Group costs**

Group costs for the half year were £2.6m (H1 2021: £1.7m). The increase reflects investment in Group IT and security and increased travel expenses.

## **Operating profit**

Adjusted operating profit for the period at £20.2m (H1 2021 £13.9m) is stated before the impact of acquisition related expenses of £0.4m (H1 2021: £0.3m), share based payments and associated employer taxes of £2.8m (H1 2021: £2.4m) and amortisation of acquired intangibles of £4.3m (H1 2021: £3.6m). The reported operating profit for the period was £12.7m (H1 2021: £7.6m).

## **Movement in foreign exchange**

Compared to the prior period Sterling has appreciated against the Euro but depreciated against the US Dollar. These movements have largely offset each other with reported growth at the Group level broadly in line with constant currency growth. Note, the Group makes most of its sales and purchases in local currency; this provides a natural hedge for transactional activity.



### **Finance costs**

Adjusted finance costs for the period were an expense of £1.0m (H1 2021: £0.9m) and included the benefit of £0.6m of fair value movements on foreign exchange derivatives.

Reported finance costs were £2.3m (H1 2021: £0.5m). The adjustments to finance costs include fair value movements in derivatives and foreign exchange movement on borrowings for acquisitions of (£0.2m) (H1 2021: £1.4m), valuation changes in deferred and contingent considerations of £0.4m (H1 2021: £0.1m), and movements in put option liabilities over non-controlling interests of £1.1m (H1 2021: £1.0m).

### **Taxation**

The reported tax charge for the period was £2.8m (H1 2021: £2.5m). The adjusted effective tax rate was 24.9% (H1 2021: 27.8%) calculated based on the adjusted tax charge divided by adjusted profit before tax. The decrease in effective tax rate is attributable to a shift in geographic mix towards lower tax jurisdictions.

### **Cash flows and net debt**

The Group had an adjusted net cash outflow from operations before tax of £7.6m for the period (H1 2021: £5.1m). The first half is traditionally more working capital intensive when compared with the full year due to the seasonality of demand, especially in the education sector. Overall working capital levels, as a percentage of annualised revenue, were in line with H1 2021, whilst absolute working capital increased due to the growth in revenue, the impact of acquisitions and some additional inventory holdings to manage product shortage risk and maintain our service levels. The Board is comfortable that the Group's long-term average annual cash conversion rate (70-80%) remains sustainable.

Adjusted net debt (excluding leases liabilities), was £112.5m at 30 June 2022 (£56.0m at 30 June 2021), equivalent to 2.1x adjusted EBITDA.

The adoption of IFRS 16 in 2019 resulted in an increase in recognised lease liabilities (predominantly for office, showroom and warehouse facilities). Lease liabilities excluded from adjusted net debt totalled £23.0m at 30 June 2022 (£17.2m 30 June 2021). Total net debt was £135.5m at 30 June 2022 (£73.3m at 30 June 2021).

Adjusted net debt was impacted by the net payments totalling £23.5m in respect of the acquisitions and purchase of minority shareholdings in the period.

The Group has access to an £80m revolving credit facility (RCF) which it uses to finance acquisition investments. Other borrowing facilities are to provide working capital financing. There were no significant changes to facilities during the period and as at 30 June 2022, the Group has access to total facilities of over £200m.

The Group has various instruments to hedge certain exchange rate and interest rate exposures. These include borrowings in Euros to finance European acquisitions and financial instruments to fix part of the Group's interest charges. These instruments are marked to market at the end of each reporting period, with the change in valuation recognised in the income statement. Given any amounts recognised generally arise from market movements and accordingly bear no direct relation to the Group's underlying performance, any gains or losses have been excluded from adjusted profit measures.

### **Dividend**

The Board is pleased to declare an interim dividend of 4.5 pence per share (H1 2021: 3.3p), an increase of 36%. This will be paid on 26 October 2022 to those shareholders on the Company's register as at 16 September 2022. The last day to elect for dividend reinvestment ("DRIP") is 3 October 2022.

The Board believes in a progressive dividend policy to reflect the Group's strong earnings and cash flow while maintaining an appropriate level of dividend cover to allow for investment in longer-term growth. The Board anticipates that future dividends will continue to be covered in the range of 2-2.5 times by adjusted earnings per share.

**Stephen Fenby**  
**Managing Director**

**Unaudited consolidated income statement for the 6 months ended 30 June 2022**

	Note	30 June 2022 Unaudited £'000	30 June 2021 Unaudited £'000	31 December 2021 Audited £'000
<b>Revenue</b>		568,566	390,072	855,973
Cost of sales		<u>(483,829)</u>	<u>(331,005)</u>	<u>(724,712)</u>
<b>Gross profit</b>		84,737	59,067	131,261
Distribution costs		(52,327)	(37,165)	(80,585)
Administrative expenses		(22,535)	(15,887)	(34,871)
Other operating income		<u>2,784</u>	<u>1,600</u>	<u>5,175</u>
<b>Operating profit</b>		12,659	7,615	20,980
<b>Adjusted operating profit</b>		20,187	13,921	34,012
Costs of acquisitions		(377)	(286)	(486)
Share based payments		(2,548)	(2,024)	(4,416)
Employer taxes on share based payments		(252)	(426)	(904)
Amortisation of brands, customer and supplier relationships		(4,351)	(3,570)	(7,226)
		12,659	7,615	20,980
Finance income		91	48	108
Finance costs	5	<u>(2,386)</u>	<u>(571)</u>	<u>(2,193)</u>
<b>Profit before taxation</b>		10,364	7,092	18,895
Taxation		<u>(2,802)</u>	<u>(2,516)</u>	<u>(5,422)</u>
<b>Profit after taxation</b>		<u>7,562</u>	<u>4,576</u>	<u>13,473</u>
<b>Profit for the financial period/year attributable to:</b>				
The Company's equity shareholders		6,996	4,220	12,429
Non-controlling interests		<u>566</u>	<u>356</u>	<u>1,044</u>
		<u>7,562</u>	<u>4,576</u>	<u>13,473</u>
Basic earnings per share	3	7.93p	4.79p	14.11p
Diluted earnings per share	3	7.69p	4.70p	13.76p

**Unaudited consolidated statement of comprehensive income for 6 months ended 30 June 2022**

	<b>30 June 2022 Unaudited £'000</b>	<b>30 June 2021 Unaudited £'000</b>	<b>31 December 2021 Audited £'000</b>
<b>Profit for the period/financial year</b>	7,562	4,576	13,473
<b>Other comprehensive income</b>			
Items that will not be reclassified subsequently to profit or loss:			
Actuarial gains and (losses) on retirement benefit obligations	-	-	254
Items that will be reclassified subsequently to profit or loss:			
Foreign exchange gains/(losses) on consolidation	5,895	(3,835)	(4,710)
<b>Other comprehensive income for the financial period/year, net of tax</b>	5,895	(3,835)	(4,456)
<b>Total comprehensive income for the period/financial year</b>	<u>13,457</u>	<u>741</u>	<u>9,017</u>
<b>Attributable to:</b>			
Owners of the Parent Company	12,259	748	8,384
Non-controlling interests	1,198	(7)	633
	<u>13,457</u>	<u>741</u>	<u>9,017</u>

## Unaudited consolidated statement of financial position as at 30 June 2022

	Note	30 June 2022 Unaudited £'000	30 June 2021 Unaudited £'000	31 December 2021 Audited £'000
<b>Assets</b>				
<b>Non-current assets</b>				
Goodwill		35,430	22,329	21,163
Intangible assets		76,877	53,518	51,972
Right of use assets		20,993	16,239	19,826
Property, plant and equipment		14,636	10,574	11,792
Deferred tax assets		3,571	2,779	2,725
		<u>151,507</u>	<u>105,439</u>	<u>107,478</u>
<b>Current assets</b>				
Inventories		171,446	117,838	125,825
Trade and other receivables		216,792	127,252	124,256
Derivative financial instruments		2,956	7	492
Cash and cash equivalents		17,380	19,884	15,476
		<u>408,574</u>	<u>264,981</u>	<u>266,049</u>
<b>Current liabilities</b>				
Trade and other payables		(231,718)	(137,571)	(142,546)
Derivative financial instruments		-	(391)	-
Put option liabilities over non-controlling interests		(3,042)	(5,518)	(3,863)
Deferred and contingent considerations		(527)	(6,135)	(466)
Borrowings and financial liabilities		(61,145)	(43,267)	(34,053)
Current tax		(3,651)	(2,130)	(2,869)
		<u>(300,083)</u>	<u>(195,012)</u>	<u>(183,797)</u>
<b>Net current assets</b>		<u>108,491</u>	<u>69,969</u>	<u>82,252</u>
<b>Total assets less current liabilities</b>		<u>259,998</u>	<u>175,408</u>	<u>189,730</u>
<b>Non-current liabilities</b>				
Trade and other payables		(1,694)	(1,385)	(1,418)
Put option liabilities over non-controlling interests		(12,113)	(4,034)	(4,287)
Deferred and contingent considerations		(16,922)	(1,796)	(1,468)
Borrowings and financial liabilities		(91,731)	(49,875)	(60,399)
Deferred tax liabilities		(10,510)	(6,298)	(5,066)
Other provisions		(3,770)	(2,786)	(2,696)
		<u>(136,740)</u>	<u>(66,174)</u>	<u>(75,334)</u>
<b>Net assets</b>		<u>123,258</u>	<u>109,234</u>	<u>114,396</u>
<b>Equity</b>				
Share capital	6	889	887	887
Share premium		67,047	67,047	67,047
Share based payment reserve		10,118	6,340	7,879
Investment in own shares	6	(7)	(7)	(5)
Retained earnings		39,516	34,794	39,078
Translation reserve		3,081	(1,355)	(2,182)
Put option reserve		(13,684)	(8,679)	(7,784)
Capital redemption reserve		50	50	50
Other reserve		150	150	150
<b>Equity attributable to owners of Parent Company</b>		<u>107,160</u>	<u>99,227</u>	<u>105,120</u>
Non-controlling interests		<u>16,098</u>	<u>10,007</u>	<u>9,276</u>
<b>Total equity</b>		<u>123,258</u>	<u>109,234</u>	<u>114,396</u>

## Unaudited consolidated statement of changes in equity for 6 months ended 30 June 2022

For the period ended 30 June 2022

	Share capital £'000 (note 6)	Share premium £'000	Investment in own shares £'000	Retained earnings £'000	Other reserves £'000 (note 7)	Equity attributable to owners of the Parent £'000	Non- controlling interests £'000	Total £'000
<b>Balance at 1 January 2022</b>	887	67,047	(5)	39,078	(1,887)	105,120	9,276	114,396
Profit for the period	-	-	-	6,996	-	6,996	566	7,562
Other comprehensive income	-	-	-	-	5,263	5,263	632	5,895
<b>Total comprehensive income for the year</b>	-	-	-	6,996	5,263	12,259	1,198	13,457
Shares issued (note 6)	2	-	(2)	-	-	-	-	-
Share based payments	-	-	-	-	2,535	2,535	-	2,535
Deferred tax on share based payments	-	-	-	-	(220)	(220)	-	(220)
Share options exercised	-	-	-	76	(76)	-	-	-
Acquisition of subsidiaries (note 8)	-	-	-	-	(6,933)	(6,933)	6,933	-
Dividends paid (note 13)	-	-	-	(6,910)	-	(6,910)	-	(6,910)
Acquisition of non- controlling interest (note 9)	-	-	-	276	1,033	1,309	(1,309)	-
<b>Balance at 30 June 2022 (unaudited)</b>	889	67,047	(7)	39,516	(285)	107,160	16,098	123,258

For the period ended 30 June 2021

	Share capital £'000 (note 6)	Share premium £'000	Investment in own shares £'000	Retained earnings £'000	Other reserves £'000 (note 7)	Equity attributable to owners of the Parent £'000	Non- controlling interests £'000	Total £'000
<b>Balance at 1 January 2021</b>	886	67,047	(6)	30,436	1,976	100,339	6,148	106,487
Profit for the period	-	-	-	4,220	-	4,220	356	4,576
Other comprehensive income	-	-	-	-	(3,472)	(3,472)	(363)	(3,835)
<b>Total comprehensive income for the year</b>	-	-	-	4,220	(3,472)	748	(7)	741
Shares issued (note 6)	1	-	(1)	-	-	-	-	-
Share based payments	-	-	-	-	2,024	2,024	-	2,024
Deferred tax on share based payments	-	-	-	-	(18)	(18)	-	(18)
Share options exercised	-	-	-	138	(138)	-	-	-
Acquisition of subsidiaries	-	-	-	-	(3,866)	(3,866)	3,866	-
<b>Balance at 30 June 2021 (unaudited)</b>	887	67,047	(7)	34,794	(3,494)	99,227	10,007	109,234

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For the year ended 31 December 2021 (audited)

	Share capital £'000 (note 6)	Share premium £'000	Investment in own shares £'000	Retained earnings £'000	Other reserves £'000 (note 7)	Equity attributable to owners of the Parent £'000	Non- controlling interests £'000	Total £'000
<b>Balance at 1 January 2021</b>	886	67,047	(6)	30,436	1,976	100,339	6,148	106,487
Profit for the year	-	-	-	12,429	-	12,429	1,044	13,473
Other comprehensive income	-	-	-	254	(4,299)	(4,045)	(411)	(4,456)
<b>Total comprehensive income for the year</b>	-	-	-	12,683	(4,299)	8,384	633	9,017
Shares issued (note 6)	1	-	(1)	-	-	-	-	-
Share based payments	-	-	-	-	4,398	4,398	-	4,398
Deferred tax on share based payments	-	-	-	-	61	61	-	61
Share options exercised	-	-	2	1,051	(1,052)	1	-	1
Acquisition of subsidiaries (note 8)	-	-	-	-	(3,866)	(3,866)	3,866	-
Dividends paid (note 13)	-	-	-	(5,568)	-	(5,568)	-	(5,568)
Acquisition of non- controlling interest (note 9)	-	-	-	476	895	1,371	(1,371)	-
<b>Balance at 31 December 2021</b>	<b>887</b>	<b>67,047</b>	<b>(5)</b>	<b>39,078</b>	<b>(1,887)</b>	<b>105,120</b>	<b>9,276</b>	<b>114,396</b>

## Unaudited consolidated cashflow statement for 6 months ended 30 June 2022

	30 June 2022 Unaudited £'000	30 June 2021 Unaudited £'000	31 December 2021 Audited £'000
<b>Cash flows from operating activities</b>			
Profit before tax	10,364	7,092	18,895
Depreciation	3,429	2,653	5,793
Amortisation	4,530	3,697	7,502
Gain on disposal of assets	3	356	25
Share based payments	2,535	2,024	4,398
Foreign exchange losses/(gains)	1,405	(331)	(1,026)
Finance income	(91)	(48)	(108)
Finance costs	2,386	571	2,193
Profit from operations before changes in working capital	<u>24,561</u>	<u>16,014</u>	<u>37,672</u>
Increase in inventories	(27,293)	(28,718)	(36,496)
Increase in trade and other receivables	(68,834)	(15,497)	(12,473)
Increase in trade and other payables	65,019	22,794	27,943
<b>Cash (outflow)/inflow from operations</b>	<u>(6,547)</u>	<u>(5,407)</u>	<u>16,646</u>
Income tax paid	(3,714)	(3,307)	(5,151)
<b>Net cash (outflow)/inflow from operating activities</b>	<u>(10,261)</u>	<u>(8,714)</u>	<u>11,495</u>
<b>Cash flows from investing activities</b>			
Acquisition of businesses net of cash acquired	(22,372)	(16,134)	(16,836)
Purchase of intangible assets	(2,018)	(845)	(2,401)
Purchase of plant and equipment	(3,434)	(975)	(3,558)
Proceeds on disposal of plant and equipment	27	170	253
Interest received	91	48	108
<b>Net cash outflow from investing activities</b>	<u>(27,706)</u>	<u>(17,736)</u>	<u>(22,435)</u>
<b>Cash from financing activities</b>			
Proceeds on exercise of share options	-	-	1
Deferred and contingent considerations paid	-	(4,999)	(11,265)
Acquisition of non-controlling interest	(1,063)	-	(2,055)
Dividends paid	(6,910)	-	(5,568)
Invoice financing inflows	11,714	14,385	6,261
Proceeds from borrowings	32,685	15,977	23,222
Repayment of loans	(2,866)	(1,000)	(4,660)
Interest paid	(1,713)	(902)	(2,087)
Interest on leases	(230)	(152)	(439)
Capital element of lease payments	(3,848)	(2,201)	(3,072)
<b>Net cash inflow from financing activities</b>	<u>27,769</u>	<u>21,108</u>	<u>338</u>
<b>Net decrease in cash and cash equivalents</b>	<u>(10,198)</u>	<u>(5,342)</u>	<u>(10,601)</u>
Cash and cash equivalents at beginning of period/year	11,639	23,795	23,795
Effects of exchange rate changes	491	(308)	(1,555)
<b>Cash and cash equivalents at end of period/year</b>	<u>1,932</u>	<u>18,145</u>	<u>11,639</u>
<b>Comprising:</b>			
Cash at bank	17,380	19,884	15,476
Bank overdrafts	(15,448)	(1,739)	(3,837)
	<u>1,932</u>	<u>18,145</u>	<u>11,639</u>

## Notes to the interim consolidated financial information

### 1. General information

The interim financial information for the period to 30 June 2022 is unaudited and does not constitute statutory financial statements within the meaning of Section 434 of the Companies Act 2006.

The interim consolidated financial information does not include all the information required for statutory financial statements in accordance with UK adopted International Accounting Standards (“IAS”), and should therefore be read in conjunction with the consolidated financial statements for the year ended 31 December 2021.

### 2. Accounting policies

#### Basis of preparation

The interim financial information in this report has been prepared on the basis of the accounting policies set out in the audited financial statements for the year ended 31 December 2021. The audited financial statements for the year ended 31 December 2021 were prepared in accordance with UK adopted International Accounting Standards (“IAS”) in conformity with the requirements of the Companies Act 2006.

The directors have adopted the going concern basis in preparing the financial information. In assessing whether the going concern assumption is appropriate, the directors have taken into account all relevant available information about the foreseeable future.

The statutory accounts for the year ended 31 December 2021, have been delivered to the Registrar of Companies. The auditors reported on these accounts; their report was unqualified; did not contain a statement under section 498(2) or 498(3) of the Companies Act 2006, and did not include reference to any matters to which the auditor drew attention by way of emphasis.

#### Use of alternative performance measures

The Group has defined certain measures that it uses to understand and manage performance. These measures are not defined under IAS and they may not be directly comparable with other companies’ adjusted measures. These non-GAAP measures are not intended to be a substitute for any IAS measures of performance, but management has included them as they consider them to be key measures used within the business for assessing the underlying performance.

**Growth at constant currency:** This measure shows the year on year change in performance after eliminating the impact of foreign exchange movement, which is outside of management’s control.

**Organic growth:** This is defined as growth at constant currency growth excluding acquisitions until the first anniversary of their consolidation.

**Adjusted operating profit:** Adjusted operating profit is disclosed to indicate the Group’s underlying profitability. It is defined as profit before acquisition related expenses, share based payments and associated employer taxes and amortisation of brand, customer and supplier relationship intangible assets. Share based payments are adjusted to the provide transparency over the costs.

**Adjusted EBITDA:** This represents operating profit before acquisition related expenses, share based payments and associated employer taxes, depreciation and amortisation.

**Adjusted profit before tax:** This is profit before tax adjusted for acquisition related expenses, share based payments and associated employer taxes, amortisation of brand, customer and supplier relationship intangible assets, changes in deferred or contingent considerations and put option liabilities over non-controlling interests, foreign exchange gains or losses on borrowings for acquisitions, fair value movements on derivatives for borrowings, and financing fair value remeasurements.



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Adjusted profit after tax: This is profit after tax adjusted for acquisition related expenses, share based payments and associated employer taxes, amortisation of brand, customer and supplier relationship intangible assets, changes in deferred or contingent considerations and put option liabilities over non-controlling interests, foreign exchange gains or losses on borrowings for acquisitions, fair value movements on derivatives for borrowings, and financing fair value remeasurements and the tax thereon.

Adjusted EPS: Adjusted EPS is EPS calculated using the basis of adjusted profit after tax instead of profit after tax after deducting adjustments to profit after tax due to non-controlling interests.

Adjusted net debt: Net debt is borrowings less cash and cash equivalents. Adjusted net debt excludes leases.

Adjusted net debt: Adjusted EBITDA: This is calculated as per the Group's RCF debt facility covenant and includes the benefit of proforma annualised earnings for acquisitions completed in the last 12 months.

### 3. Earnings per share

Basic earnings per share is calculated by dividing the profit after tax attributable to equity shareholders of the Company by the weighted average number of shares outstanding during the year. Shares outstanding is the total shares issued less the own shares held in employee benefit trusts. Diluted earnings per share is calculated by dividing the profit after tax attributable to equity shareholders of the Company by the weighted average number of shares in issue during the year adjusted for the effects of all dilutive potential Ordinary Shares.

The Group's earnings per share and diluted earnings per share, are as follows:

	<b>June 2022</b>	<b>June 2021</b>	<b>December 2021</b>
Profit attributable to equity holders of the Parent Company (£'000)	6,996	4,220	12,429
Weighted average number of shares outstanding	88,224,914	88,032,819	88,101,300
Dilutive (potential dilutive) effect of share options	2,701,745	1,665,248	2,204,110
Weighted average number of ordinary shares for the purposes of diluted earnings per share	<u>90,926,659</u>	<u>89,698,067</u>	<u>90,305,410</u>
Basic earnings per share	<u>7.93p</u>	<u>4.79p</u>	<u>14.11p</u>
Diluted earnings per share	<u>7.69p</u>	<u>4.70p</u>	<u>13.76p</u>

## 4. Segmental reporting

30 June 2022	UK & Ireland £'000	EMEA £'000	Asia Pacific £'000	North America £'000	Other £'000	Total £'000
Revenue	239,270	247,882	25,017	56,396	-	568,565
<b>Gross profit</b>	<b>37,635</b>	<b>34,864</b>	<b>3,932</b>	<b>8,307</b>	-	<b>84,738</b>
Gross profit %	15.7%	14.1%	15.7%	14.7%	-	14.9%
<b>Adjusted operating profit</b>	<b>10,781</b>	<b>8,723</b>	<b>151</b>	<b>3,109</b>	<b>(2,578)</b>	<b>20,186</b>
Cost of acquisitions	-	-	-	-	(377)	(377)
Share based payments	(993)	(811)	(201)	(34)	(508)	(2,548)
Employer taxes on share based payments	(83)	(91)	(5)	(2)	(72)	(252)
Amortisation of brand, customer and supplier relationships	(1,899)	(1,664)	(139)	(650)	-	(4,351)
<b>Operating profit</b>	<b>7,806</b>	<b>6,158</b>	<b>(193)</b>	<b>2,423</b>	<b>(3,534)</b>	<b>12,658</b>
Net interest expense						(2,295)
<b>Profit before tax</b>						<b>10,363</b>
<b>Other segmental information</b>						
<b>June 2022</b>	<b>UK &amp; Ireland £'000</b>	<b>EMEA £'000</b>	<b>Asia Pacific £'000</b>	<b>North America £'000</b>	<b>Other £'000</b>	<b>Total £'000</b>
Segment assets	244,504	234,593	23,714	55,930	1,340	560,081
Segment liabilities	(211,363)	(177,710)	(19,351)	(27,561)	(838)	(436,823)
<b>Segment net assets</b>	<b>33,141</b>	<b>56,883</b>	<b>4,363</b>	<b>28,369</b>	<b>502</b>	<b>123,528</b>
Depreciation	1,313	1,625	256	235	-	3,429
Amortisation	1,941	1,695	146	747	-	4,530
<b>Other segmental information</b>				<b>UK £'000</b>	<b>International £'000</b>	<b>Total £'000</b>
Non-current assets				67,310	84,197	151,507
Deferred tax assets				2,244	1,327	3,571
Non-current assets excluding deferred tax				65,066	82,870	147,936

<b>30 June 2021</b>	<b>UK &amp; Ireland £'000</b>	<b>EMEA £'000</b>	<b>Asia Pacific £'000</b>	<b>North America £'000</b>	<b>Other £'000</b>	<b>Total £'000</b>
Revenue	128,581	210,223	22,194	29,074	-	390,072
<b>Gross profit</b>	<b>19,747</b>	<b>30,388</b>	<b>3,918</b>	<b>5,014</b>	-	<b>59,067</b>
Gross profit %	15.4%	14.5%	17.7%	17.2%	-	15.1%
<b>Adjusted operating profit</b>	<b>4,923</b>	<b>9,092</b>	<b>468</b>	<b>1,134</b>	<b>(1,696)</b>	<b>13,921</b>
Cost of acquisitions	-	-	-	-	(286)	(286)
Share based payments	(750)	(603)	(171)	(17)	(483)	(2,024)
Employer taxes on share based payments	(114)	(185)	(17)	(2)	(107)	(425)
Amortisation of brand, customer and supplier relationships	(1,187)	(1,637)	(139)	(608)	-	(3,571)
<b>Operating profit</b>	<b>2,872</b>	<b>6,667</b>	<b>141</b>	<b>507</b>	<b>(2,572)</b>	<b>7,615</b>
Net interest expense						(523)
<b>Profit before tax</b>						<b>7,092</b>
<b>Other segmental information June 2021</b>	<b>UK &amp; Ireland £'000</b>	<b>EMEA £'000</b>	<b>Asia Pacific £'000</b>	<b>North America £'000</b>	<b>Other £'000</b>	<b>Total £'000</b>
Segment assets	115,838	195,412	20,345	38,070	755	370,420
Segment liabilities	(85,421)	(142,512)	(16,624)	(16,039)	(590)	(261,186)
<b>Segment net assets</b>	<b>30,417</b>	<b>52,900</b>	<b>3,721</b>	<b>22,031</b>	<b>165</b>	<b>109,234</b>
Depreciation	1,035	1,165	295	158	-	2,653
Amortisation	1,195	1,680	147	675	-	3,697
<b>Other segmental information</b>				<b>UK £'000</b>	<b>International £'000</b>	<b>Total £'000</b>
Non-current assets				25,142	80,297	105,439
Deferred tax assets				1,319	1,460	2,779
Non-current assets excluding deferred tax				23,823	78,837	102,660

<b>31 December 2021</b>	<b>UK &amp; Ireland £'000</b>	<b>EMEA £'000</b>	<b>Asia Pacific £'000</b>	<b>North America £'000</b>	<b>Other £'000</b>	<b>Total £'000</b>
Revenue	286,060	455,434	45,384	69,094	-	855,972
<b>Gross profit</b>	<b>45,333</b>	<b>67,000</b>	<b>7,958</b>	<b>10,969</b>	-	<b>131,260</b>
Gross profit %	15.8%	14.7%	17.5%	15.9%	-	15.3%
<b>Adjusted operating profit</b>	<b>12,720</b>	<b>21,356</b>	<b>926</b>	<b>4,556</b>	<b>(5,546)</b>	<b>34,012</b>
Costs of acquisitions	-	-	-	-	(486)	(486)
Share based payments	(1,599)	(1,384)	(366)	(45)	(1,022)	(4,416)
Employer taxes on share based payments	(249)	(401)	(33)	(5)	(216)	(904)
Amortisation of brands, customer and supplier relationships	(2,371)	(3,356)	(273)	(1,226)	-	(7,226)
<b>Operating profit</b>	<b>8,501</b>	<b>16,215</b>	<b>254</b>	<b>3,280</b>	<b>(7,270)</b>	<b>20,980</b>
Interest						(2,085)
<b>Profit before tax</b>						<b>18,895</b>
<b>December 2021</b>	<b>UK &amp; Ireland £'000</b>	<b>EMEA £'000</b>	<b>Asia Pacific £'000</b>	<b>North America £'000</b>	<b>Other £'000</b>	<b>Total £'000</b>
Segment assets	106,426	203,066	21,489	41,987	559	373,527
Segment liabilities	(74,564)	(148,943)	(17,357)	(17,454)	(813)	(259,131)
<b>Segment net assets</b>	<b>31,862</b>	<b>54,123</b>	<b>4,132</b>	<b>24,533</b>	<b>(254)</b>	<b>114,396</b>
Depreciation	2,064	2,761	563	405	-	5,793
Amortisation	2,391	3,446	288	1,377	-	7,502
<b>Other segmental information</b>			<b>UK £'000</b>	<b>International £'000</b>		<b>Total £'000</b>
Non-current assets			25,575	81,903		107,478
Deferred tax asset			1,268	1,457		2,725
Non-current assets excluding deferred tax			24,307	80,446		104,753

**5. Finance costs**

	<b>June 2022 £'000</b>	<b>June 2021 £'000</b>	<b>December 2021 £'000</b>
Interest on overdraft and invoice discounting	765	414	867
Interest on leases	230	152	439
Interest on loans	740	383	810
Fair value movements on foreign exchange derivatives	(644)	5	77
Other interest costs	2	2	15
Fair value movements on derivatives for borrowings	(1,613)	(589)	(1,244)
Foreign exchange (gains)/losses on borrowings for acquisitions	1,390	(892)	(814)
Interest, foreign exchange and other finance costs of deferred and contingent considerations	382	52	347
Interest, foreign exchange and other finance costs of put option liabilities	1,134	1,044	1,696
	<u>2,386</u>	<u>571</u>	<u>2,193</u>

**6. Share capital**

The total allotted share capital of the Parent Company is:

**Allotted, issued and fully paid**

	<b>June 2022</b>		<b>June 2021</b>		<b>December 2021</b>	
	<b>Number</b>	<b>£'000</b>	<b>Number</b>	<b>£'000</b>	<b>Number</b>	<b>£'000</b>
<b>Classed as equity:</b>						
Issued and fully paid ordinary shares of £0.01 each						
Opening balance	88,735,612	887	88,604,712	886	88,604,712	886
Shares issued	144,300	2	130,900	1	130,900	1
<b>Closing balance</b>	<u>88,879,912</u>	<u>889</u>	<u>88,735,612</u>	<u>887</u>	<u>88,735,612</u>	<u>887</u>

During the period Midwich Group plc issued 144,300 shares (2021: 130,900) into an employee benefit trust.

**Own shares held in employee benefit trusts**

	<b>June 2022</b>		<b>June 2021</b>		<b>December 2021</b>	
	<b>Number</b>	<b>£'000</b>	<b>Number</b>	<b>£'000</b>	<b>Number</b>	<b>£'000</b>
Issued and fully paid ordinary shares of £0.01 each						
Opening balance	518,300	5	593,600	6	593,600	6
Shares issued	144,300	2	130,900	1	130,900	1
Exercise of share options	(18,140)	-	(40,500)	-	(206,200)	(2)
<b>Closing balance</b>	<u>644,460</u>	<u>7</u>	<u>684,000</u>	<u>7</u>	<u>518,300</u>	<u>5</u>

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A reconciliation of LTIP option movements during the current and comparative period, and the year to 31 December 2021 is as follows:

	Six months to June 2022	Six months to June 2021	Twelve months to December 2021
Outstanding at 1 January	3,284,374	2,691,676	2,691,676
Granted	1,004,141	89,700	794,700
Lapsed	(43,058)	(13,300)	(61,202)
Exercised	(14,240)	(39,000)	(140,800)
Outstanding at period end	<u>4,231,217</u>	<u>2,729,076</u>	<u>3,284,374</u>

A reconciliation of SIP option movements during the current and comparative period, and the year to 31 December 2021 is as follows:

	Six months to June 2022	Six months to June 2021	Twelve months to December 2021
Outstanding at 1 January	267,900	254,700	254,700
Granted	106,800	111,900	111,900
Lapsed	(8,700)	(11,400)	(33,300)
Exercised	(3,900)	(1,500)	(65,400)
Outstanding at period end	<u>362,100</u>	<u>353,700</u>	<u>267,900</u>

## 7. Other reserves

### Movement in other reserves for the year ended 30 June 2022 (Unaudited)

	Share based payment reserve £'000	Translation reserve £'000	Put option reserve £'000	Capital redemption reserve £'000	Other reserve £'000	Total £'000
<b>Balance at 1 January 2022</b>	7,879	(2,182)	(7,784)	50	150	(1,887)
Other comprehensive income	-	5,263	-	-	-	5,263
<b>Total comprehensive income for the period</b>	-	5,263	-	-	-	5,263
Share based payments	2,535	-	-	-	-	2,535
Deferred tax on share based payments	(220)	-	-	-	-	(220)
Share options exercised	(76)	-	-	-	-	(76)
Acquisition of subsidiaries (note 8)	-	-	(6,933)	-	-	(6,933)
Acquisition of non-controlling interest (note 9)	-	-	1,033	-	-	1,033
<b>Balance at 30 June 2022</b>	<u>10,118</u>	<u>3,081</u>	<u>(13,684)</u>	<u>50</u>	<u>150</u>	<u>(285)</u>

**Movement in other reserves for the year ended 30 June 2021 (Unaudited)**

	Share based payment reserve £'000	Translation reserve £'000	Put option reserve £'000	Capital redemption reserve £'000	Other reserve £'000	Total £'000
<b>Balance at 1 January 2021</b>	4,472	2,117	(4,813)	50	150	1,976
Other comprehensive income	-	(3,472)	-	-	-	(3,472)
<b>Total comprehensive income for the period</b>	-	(3,472)	-	-	-	(3,472)
Share based payments	2,024	-	-	-	-	2,024
Deferred tax on share based payments	(18)	-	-	-	-	(18)
Share options exercised	(138)	-	-	-	-	(138)
Acquisition of subsidiaries (note 8)	-	-	(3,866)	-	-	(3,866)
<b>Balance at 30 June 2021</b>	<b>6,340</b>	<b>(1,355)</b>	<b>(8,679)</b>	<b>50</b>	<b>150</b>	<b>(3,494)</b>

**Movement in other reserves for the year ended 31 December 2021 (Audited)**

	Share based payment reserve £'000	Translation reserve £'000	Put option reserve £'000	Capital redemption reserve £'000	Other reserve £'000	Total £'000
<b>Balance at 1 January 2021</b>	4,472	2,117	(4,813)	50	150	1,976
Other comprehensive income	-	(4,299)	-	-	-	(4,299)
<b>Total comprehensive income for the year</b>	-	(4,299)	-	-	-	(4,299)
Share based payments	4,398	-	-	-	-	4,398
Deferred tax on share based payments	61	-	-	-	-	61
Share options exercised	(1,052)	-	-	-	-	(1,052)
Acquisition of subsidiary (note 8)	-	-	(3,866)	-	-	(3,866)
Acquisition of non-controlling interest (note 9)	-	-	895	-	-	895
<b>Balance at 31 December 2021</b>	<b>7,879</b>	<b>(2,182)</b>	<b>(7,784)</b>	<b>50</b>	<b>150</b>	<b>(1,887)</b>

**8. Business combinations**

Acquisitions were completed by the Group during the current and comparative periods to increase scale, broaden its addressable market and widen the product offering.

**Subsidiaries acquired**

Acquisition	Principal activity	Date of acquisition	Proportion acquired (%)	Fair value of consideration £'000
Cooper Projects Limited (DVS)	Distribution of audio visual products to trade customers	7 January 2022	65%	12,877
Nimans Limited (Nimans)	Distribution of audio visual products to trade customers	7 February 2022	100%	27,271
Nicolas M. Kyvernitis Electronics Ent (NMK)	Distribution of audio visual products to trade customers	1 January 2021	80%	15,463

In addition to the above on the 19 April 2021 the Group exchanged a fair value consideration of £8,775k to acquire certain trade and assets of eLink Distribution AG (eLink) a Company registered in Germany.

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**2022 acquisitions**

**Fair value of consideration transferred 2022**

	<b>DVS £'000</b>	<b>Nimans £'000</b>
Cash	8,580	16,500
Deferred consideration	4,297	10,771
Total	<u>12,877</u>	<u>27,271</u>

Acquisition costs of £377k in relation to the acquisitions of DVS and Niman were expensed to the income statement during the period ended 30 June 2022.

**Fair value of acquisitions 2022**

	<b>DVS £'000</b>	<b>Nimans £'000</b>
<b>Non-current assets</b>		
Goodwill	5,055	8,388
Intangible assets - brands	1,288	2,950
Intangible assets - customer relationships	799	4,809
Intangible assets - supplier relationships	5,948	8,591
Intangible assets - patents and software	103	-
Plant and equipment	556	2,120
	<u>13,749</u>	<u>26,858</u>
<b>Current assets</b>		
Inventories	6,513	11,815
Trade and other receivables	7,842	15,861
Current tax	-	18
Cash and cash equivalents	643	2,065
	<u>14,998</u>	<u>29,759</u>
<b>Current liabilities</b>		
Trade and other payables	(2,298)	(22,308)
Borrowings and financial liabilities	(4,147)	(255)
Current tax	(142)	-
	<u>(6,587)</u>	<u>(22,563)</u>
<b>Non-current liabilities</b>		
Borrowings and financial liabilities	(228)	(2,059)
Provisions	(65)	(832)
Deferred tax	(2,057)	(3,892)
	<u>(2,350)</u>	<u>(6,783)</u>
<b>Non-controlling interests</b>	<u>(6,933)</u>	<u>-</u>
<b>Fair value of net assets acquired attributable to equity shareholders of the Parent Company</b>	<u>12,877</u>	<u>27,271</u>

Goodwill acquired in 2022 relates to the workforce, synergies and sales know how. Goodwill arising on both acquisitions has been allocated to the United Kingdom and Ireland segment.



**Net cash outflow on acquisition of subsidiaries 2022**

	<b>DVS</b>	<b>Nimans</b>
	<b>£'000</b>	<b>£'000</b>
Consideration paid in cash	8,580	16,500
Less: cash and cash equivalent balances acquired	(643)	(2,065)
<b>Net cash outflow</b>	<u>7,937</u>	<u>14,435</u>
Plus: borrowings acquired	4,375	2,314
<b>Net debt outflow</b>	<u>12,312</u>	<u>16,749</u>

**2021 acquisitions****Fair value of consideration transferred 2021**

	<b>NMK</b>	<b>eLink</b>
	<b>£'000</b>	<b>£'000</b>
Cash	11,350	7,441
Deferred consideration	4,113	-
Contingent consideration	-	1,334
<b>Total</b>	<u>15,463</u>	<u>8,775</u>

Acquisition costs of £199k in relation to the acquisition of NMK and £87k in relation to the eLink acquisition of trade and assets were expensed to the income statement during the period ended 30 June 2021.

**Fair value of acquisitions 2021**

	<b>NMK</b>	<b>eLink</b>
	<b>£'000</b>	<b>£'000</b>
<b>Non-current assets</b>		
Goodwill	3,768	3,713
Intangible assets - brands	721	172
Intangible assets - customer relationships	1,700	972
Intangible assets - supplier relationships	8,289	2,197
Plant and equipment	77	-
	<u>14,555</u>	<u>7,054</u>
<b>Current assets</b>		
Inventories	2,325	2,799
Trade and other receivables	4,673	-
Cash and cash equivalents	2,657	-
	<u>9,655</u>	<u>2,799</u>
<b>Current liabilities</b>		
Trade and other payables	(4,432)	-
<b>Non-current liabilities</b>		
Provisions	(368)	-
Deferred tax	(81)	(1,078)
	<u>(449)</u>	<u>(1,078)</u>
<b>Non-controlling interests</b>	<u>(3,866)</u>	<u>-</u>
<b>Fair value of net assets acquired attributable to equity shareholders of the Parent Company</b>	<u>15,463</u>	<u>8,775</u>

Goodwill acquired in 2021 relates to the workforce, synergies and sales know how. Goodwill arising on both acquisitions has been allocated to the EMEA segment.

### Net cash outflow on acquisition of subsidiaries 2021

	NMK £'000	eLink £'000
Consideration paid in cash	11,350	7,441
Less: cash and cash equivalent balances acquired	(2,657)	-
<b>Net cash outflow</b>	<u>8,693</u>	<u>7,441</u>
Plus: borrowings acquired	-	-
<b>Net debt outflow</b>	<u><u>8,693</u></u>	<u><u>7,441</u></u>

### 9. Acquisition of non-controlling interest

During the period the Group acquired the remaining 11.5% non-controlling interest in Earpro SA, which had a value of £1,309k, for a consideration of £1,063k. £1,033k of the put option reserve was transferred to retained earnings when this element of the put option was extinguished.

During 2021 the Group acquired the remaining 35.0% non-controlling interest in Blonde Robot Pty limited, which had a value of £1,371k, for a consideration of £2,055k. £895k of the put option reserve was transferred to retained earnings when this element of the put option was extinguished.

### 10. Currency impact

The Group reports in Pounds Sterling (GBP) but has significant revenues and costs as well as assets and liabilities that are denominated in Euros (EUR), Dollars (USD) and Australian Dollars (AUD). The table below sets out the exchange rates in the current and prior periods.

	Six months to 30 June 2022 Average	Six months to 30 June 2021 Average	At 30 June 2022	At 30 June 2021	At 31 December 2021
EUR/GBP	1.185	1.149	1.162	1.165	1.191
AUD/GBP	1.808	1.806	1.766	1.840	1.859
NZD/GBP	1.959	1.935	1.953	1.978	1.973
USD/GBP	1.297	1.386	1.214	1.382	1.348
CHF/GBP	1.216	1.258	1.163	1.277	1.231
NOK/GBP	11.815	11.772	12.000	11.888	11.893
AED/GBP	4.769	5.089	4.466	5.070	4.971
QAR/GBP	4.726	5.044	4.426	5.025	4.927

The following tables illustrate the effect of changes in foreign exchange rates in the EUR, AUD, NZD, USD, CHF, NOK, AED, and QAR relative to the GBP on the profit before tax and net assets. The amounts are calculated retrospectively by applying the current period exchange rates to the prior period results so that the current period exchange rates are applied consistently across both periods. Changing the comparative result illustrates the effect of changes in foreign exchange rates relative to the current period result.

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Applying the current period exchange rates to the results of the prior period has the following effect on the translation of profit before tax and net assets of foreign entities:

**Profit before tax**

	<b>Revised 2021 £'000</b>	<b>2021 £'000</b>	<b>Impact £'000</b>	<b>Impact %</b>
EUR	6,850	7,092	(242)	(3.5%)
AUD	7,092	7,092	-	-%
NZD	7,092	7,092	-	-%
USD	7,091	7,092	(1)	-%
CHF	7,072	7,092	(20)	(0.3%)
NOK	7,092	7,092	-	-%
AED	7,152	7,092	60	0.8%
QAR	7,129	7,092	37	0.5%
All currencies	6,926	7,092	(166)	(2.3%)

**Net assets**

	<b>Revised 2021 £'000</b>	<b>2021 £'000</b>	<b>Impact £'000</b>	<b>Impact %</b>
EUR	109,378	109,234	144	0.1%
AUD	109,415	109,234	181	0.2%
NZD	109,236	109,234	2	-%
USD	110,281	109,234	1,047	1.0%
CHF	109,178	109,234	(56)	(0.1%)
NOK	109,216	109,234	(18)	-
AED	109,897	109,234	663	0.6%
QAR	109,413	109,234	179	0.2%
All currencies	111,376	109,234	2,142	2.0%

**11. Copies of interim report**

Copies of the interim report are available to the public free of charge from the Company at Vincennes Road, Diss, IP22 4YT.

**12. Adjustments to reported results**

	Six months ended	
	30 June 2022	30 June 2021
	£000	£000
<b>Operating profit</b>	<b>12,659</b>	<b>7,615</b>
Cost of acquisitions	377	286
Share based payments	2,548	2,024
Employer taxes on share based payments	252	426
Amortisation of brands, customer and supplier relationships	4,351	3,570
<b>Adjusted operating profit</b>	<b>20,187</b>	<b>13,921</b>
Depreciation	3,429	2,653
Amortisation of patents and software	179	127
<b>Adjusted EBITDA</b>	<b>23,795</b>	<b>16,701</b>
(Increase)/decrease in adjusted inventories	(27,293)	(28,718)
(Increase)/decrease in adjusted trade and other receivables	(68,834)	(15,497)
Increase/(decrease) in adjusted trade and other payables	64,754	22,368
<b>Adjusted cash flow from operations</b>	<b>(7,577)</b>	<b>(5,146)</b>
Adjusted EBITDA cash flow conversion	(31.8%)	(30.8%)
<b>Profit before tax</b>	<b>10,364</b>	<b>7,092</b>
Cost of acquisitions	377	286
Share based payments	2,548	2,024
Employer taxes on share based payments	252	426
Amortisation of brands, customer and supplier relationships	4,351	3,570
Derivative fair value and foreign exchange gains and losses on acquisition borrowings	(223)	(1,481)
Finance costs – deferred and contingent considerations	382	52
Finance costs – put option liabilities over non-controlling interests	1,134	1,044
<b>Adjusted profit before tax</b>	<b>19,185</b>	<b>13,013</b>
<b>Profit after tax</b>	<b>7,562</b>	<b>4,576</b>
Cost of acquisitions	377	286
Share based payments	2,548	2,024
Employer taxes on share based payments	252	426
Amortisation of brands, customer and supplier relationships	4,351	3,570
Derivative fair value and foreign exchange gains and losses on acquisition borrowings	(223)	(1,481)
Finance costs – deferred and contingent considerations	382	52
Finance costs – put option liabilities over non-controlling interests	1,134	1,044
Tax impact	(1,979)	(1,105)
<b>Adjusted profit after tax</b>	<b>14,404</b>	<b>9,392</b>
<b>Profit after tax</b>	<b>7,562</b>	<b>4,576</b>
Non-controlling interest (NCI)	(566)	(356)
<b>Profit after tax attributable to equity holders of the Parent Company</b>	<b>6,996</b>	<b>4,220</b>
<b>Adjusted profit after tax</b>	<b>14,404</b>	<b>9,392</b>
Non-controlling interest	(566)	(356)
Share based payments attributable to NCI	(7)	-
Employer taxes on share based payments attributable to NCI	(1)	-
Amortisation of brands, customer and supplier relationships attributable to NCI	(278)	(211)
Tax impact attributable to NCI	48	49
<b>Adjusted profit after tax attributable to equity holders of the Parent Company</b>	<b>13,600</b>	<b>8,874</b>
Weighted average number of ordinary shares	88,224,914	88,032,819
Diluted weighted average number of ordinary shares	90,926,659	89,698,067
<b>Adjusted basic earnings per share</b>	<b>15.42p</b>	<b>10.08p</b>
<b>Adjusted diluted earnings per share</b>	<b>14.96p</b>	<b>9.89p</b>

**13. Dividends**

During the period the Group declared a final dividend of 7.80 pence per share. (30 June 2021 special dividend: 3.00 pence paid after the period end). After the period end the Group declared an interim dividend for the six months to 30 June 2022 of 4.50 pence (30 June 2021: 3.30 pence) that relates to profits earned over the period.