7 September 2021

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

Interim results for the six months ended 30 June 2021

Trading momentum continues, with margins recovering

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 2021 ("H1 2021").

Statutory financial highlights

	Six months ended		
	30 June 2021 £m	**30 June 2020 £m**	Total growth %
Revenue	**390.1**	**302.0**	29%
Gross profit	**59.1**	**43.8**	35%
Gross profit %	*15.1%*	*14.5%*	
Operating profit/(loss)	**7.6**	**(0.7)**	N/a
Profit/(loss) before tax	**7.1**	**(2.5)**	381%
Profit/(loss) after tax	**4.6**	**(2.8)**	263%
Reported EPS - pence	4.79	(3.29)	246%

Adjusted financial highlights

	Six months ended			
	30 June 2021 £m	**30 June 2020 £m**	Total growth %	Growth at constant currency %
Revenue	**390.1**	**302.0**	29%	30%
Gross profit	**59.1**	**43.8**	35%	36%
Gross profit %	*15.1%*	*14.5%*		
Adjusted operating profit[1]	**13.9**	**4.1**	238%	240%
Adjusted operating profit %	*3.6%*	*1.4%*		
Adjusted profit before tax[1]	**13.0**	**3.2**	304%	306%
Adjusted profit after tax[1]	**9.4**	**2.4**	289%	290%
Adjusted EPS - pence[1]	10.08	2.67	278%	
Interim dividend per share - pence	3.30	-		

[1]Definitions of the alternative performance measures are set out in Note 2

Financial highlights

- Revenue increased 29.2% to £390.1 million (30.1% on a constant currency basis) reflecting the strength of the ongoing recovery from the impact of Covid-19
- Organic revenue growth of 25.6% despite headwinds from the exit of the low margin North American fulfilment business in December 2020
- Gross margin of 15.1%, 0.6 percentage points ahead of H1 2020
- Operating cash conversion at (31%) reflects investment in working capital to support business growth (H1 2020: 127%)
- Special dividend of 3.00 pence per share paid in July 2021 and interim dividend declared of 3.30 pence per share (Interim 2020: nil)

Operational highlights

- Trading momentum has continued despite ongoing disruption to the corporate, live events and entertainment markets
- Improvement in gross margin due to recovery in rebates and mix
- Market share has remained stable or grown in key territories
- Strategic acquisition of NMK Group at the start of the year; the Group's first business in the Middle East
- Acquisition of eLink in Germany further strengthened our unified communications offering
- Strong acquisition pipeline across a number of regions

Post period highlights

- Trading since 30 June 2021 has been in line with the Board's expectations and well ahead of the comparative period.

There will be a webinar for sell-side analysts at 9:00am today, 7 September 2021, the details of which can be obtained from FTI Consulting: midwich@fticonsulting.com.

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

"I am very pleased with the Group's performance in H1 2021, particularly given significant lockdowns in a number of key territories early in the period. The trading momentum seen in the second half of 2020 continued, with Group revenue in H1 2021 being 29.2% higher than in H1 2020. Organic growth was 25.6%.

Trading in EMEA showed the greatest improvement, particularly in Germany and France. After a slow start due to a severe lockdown, the UK and Ireland division improved strongly across the period, with revenues in the month of June 2021 reaching the 2019 level. Acquisitions made strong positive contributions in the period, and we have seen a significant number of new opportunities presented.

The higher margin live events and hospitality markets are starting to recover in a number of territories, although we believe there is still a considerable way to go. The recovery of the corporate market has been slightly slower than expected, as corporates have in some cases deferred their return-to-office plans. There is a more significant level of enquiries and activity in this market, and we now expect that this will start to be converted into orders and revenue in early 2022.

The Board believes that the Group's markets and business should continue to improve steadily across the remainder of 2021 and into 2022, although there remains a risk of negative impact due to further lockdowns. Shortages of product appear to be worsening and are having a dampening effect on revenues, albeit such impacts should be temporary and not affect the general growth trajectory of the business.

Trading since the end of H1 has been in line with Board expectations. Order books have continued to strengthen and, barring significant lockdowns in key territories, the Board expects trading to be comfortably ahead of its previous expectations."

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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 500 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 1,000 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

Managing Director's Report

Overview

The Group continued to make good progress in H1 2021, with trading improvements in all of our key territories. I believe we have performed very well in the face of continued challenges linked to the pandemic, and would like to thank our team once again for their forbearance in these difficult circumstances. One of the core strengths of the Group is in our long-term personal relationships with customer, vendors and colleagues. We recognise that recent limitations of personal interaction can have an ongoing impact on staff wellbeing. We continue to support our team, including offering flexible working options. It is likely this will continue for some time, possibly even permanently.

A key focus for the Group continues to be seeking to maintain a high level of consistent service to our customers and vendors such that we become a long-term trusted partner. We continue to work hard to maintain service levels despite current challenges, such as ongoing product shortages and limitations in carrier capacity. Our focus on developing our offering in the AV market continues to be beneficial for our customers and vendors alike.

Working capital management is important. As expected, as the business has recovered, inventory levels have also increased. I remain comfortable that our inventories remain in line with sensible business requirements.

Trading performance

The trading momentum seen in the second half of 2020 has continued, with Group revenue increasing by 29.2% to £390.1 million, albeit this does represent a weak comparator being impacted by the onset of the pandemic in Q2 2020. Organic growth was 25.6% and on a constant currency basis revenue increased by 30.2%.

The gross margin percentage increased by 0.6% to 15.1%. This represents a significant step towards returning to the margin of 16.5% achieved in 2019. Broadly speaking, it appears that the majority of the volume related margin lost in 2020 has now been recovered, with rebates and buying discounts now approaching 2019 levels. The remaining shortfall of margin compared with 2019 is due to mix. Continued softness in the UK trade rentals market (linked primarily to live events activity) accounts for a portion of this, albeit we are beginning to see some green shoots of recovery in this market. Particularly strong sales of certain low margin broadcast technologies are also a factor (although the growth in these sales appears to be levelling off).

The Group benefitted from operational leverage, with improving levels of business in the first half of the year. The increase in gross margin of £15.3m resulted in an increase in adjusted profit before tax of £9.8 million, with growth in overheads attributable to our ceasing to use government employment support, the normalisation of salary and bonuses and the impact of acquisitions.

Territories

The Group trades in twenty different countries organised into four geographical regions.

Trading in EMEA showed the greatest improvement, with revenues up 65% year on year, and net profit substantially higher. The acquisitions of eLink and NMK made strong positive contributions to the results, but nonetheless organic revenue and profit improved in almost all businesses, particularly those in Germany and France. Organic revenue growth was 58%. The overall gross margin percentage was consistent with the two previous years.

Performance in the UK & Ireland improved significantly after the easing of the severe lockdowns earlier in the period. Revenues increased 25%, helped particularly by the contribution from new vendors launched in late 2020 and H1 2021, such as Barco Clickshare and BirdDog. The gross margin percentage was flat compared with H1 2020, although this represented a continued improvement on the post-Covid period. The live events, entertainment and hospitality markets have remained subdued, but it is anticipated that further easing of restrictions should enable these markets to return towards normality, thus improving sales and margins in the UK & Ireland business.

Revenue in North America was 41.8% lower than the same period in 2020. However, at the end of 2020 the Group exited a low margin fulfilment arrangement in North America, therefore on a like-for-like basis revenue was around 30% higher than in H1 2020. Trading in North America improved steadily in H1 2021, with strong margins being helped particularly by the release of provisions in respect of aged stock sold in the period.

As expected, trading in the Asia Pacific (APAC) region was relatively flat compared with the prior year. Economic activity in the two principal APAC markets in which we operate (Australia and New Zealand) does not appear to have achieved a sustained improvement since the initial impact of the Covid-19 crisis and recent severe lockdowns have further slowed improvement in these territories.

The Board continues to monitor its share of vendor business in each of its key markets and remains confident that, overall, the Group has at least maintained and in many cases grown its market share.

Products

Revenue from the two mainstream product areas (displays and projection) increased by 33% and exceeded 2019 levels. Gross margins have improved in these mainstream product areas and are more than halfway back to pre-pandemic levels.

Revenue in specialist product areas, such as technical video, audio, broadcast and lighting grew by 26%. Technical products account for half of the Group's revenue. The Group's planned long-term strategy is to continue to develop its presence and expertise in more specialist product categories.

Strong revenue growth was achieved in the broadcast category, particularly with the New Media business in Germany, although gross margins in this business remain a little below group averages.

Margins in other technical product areas have generally returned to 2019 levels. A number of newer brands carry slightly lower margins than the Group average, and we are working hard to improve these. The UK trade rental business (which is focused on live events and trades at particularly high gross margins) has started to improve but is still well below 2019 levels.

The Board believes that 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 across much of the Group.

Customers

The Group's focus has always been on seeking to provide our customers with consistently high service and support. Although our customer base tends to be adaptable and resilient, the past eighteen months have given them additional challenges. For example, the small number of customers focused only on the live events market have found significant challenges, with many businesses downscaling. Most other customers tend to have broad, flexible offerings which can be adapted to address stronger pockets of demand (for example in the education market). Project delays, the unpredictability of site access for installs, and product shortages have created operational and logistical issues for customers, which we seek to support through our flexible approach.

Our expansion into new geographical markets and product categories (such as unified communications (UC)) has enhanced the Group's customer base, and also its level of engagement with major international integrators.

End-user markets

There have been no major changes in end user demand in the first half of 2021. Markets which are largely government funded (such as education, healthcare and defence) have remained relatively strong. The corporate market continues to be relatively muted as many end users are still developing their return-to-work strategies. The Group has seen a significant increase in enquiries in respect of this market, and believes that many of these are most likely to convert into orders in 2022. The live events and hospitality markets have started to recover in geographies where lockdown restrictions have been eased.

Strategy

Whilst the impact of Covid-19 continues to create short term uncertainty, the Group's strategy remains 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 acquisition.

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 has continued to pursue its goals including building expertise and reach in the UC market and continuing to launch with new vendors and technologies (as noted above).

Historically, the Group has successfully used acquisitions both 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. The acquisition pipeline remains healthy.

Acquisitions

The Group completed two acquisitions during the first half of 2021.

During the period, the Group completed the acquisition of an 80% controlling stake in Nicolas M. Kyvernitis Electronics Ent., NMK Middle East FZE and Edge Electronics Trading LLC ("Edge") (collectively "the NMK Group" or "NMK"). Based in the UAE and Qatar, the NMK Group is a value-added distributor of AV products and represents Midwich's entry into the Middle Eastern market.

Based in Sharjah, UAE, NMK supplies specialist AV products to customers in the UAE and wider Gulf region, with Edge, based in Doha, supporting customers in Qatar. The NMK Group continues to be led by the existing management team and integration is progressing well.

The Middle Eastern market is one of the fastest growing AV markets in the world according to trade body AVIXA. The deal further expands Midwich's geographical footprint, enabling the Group to extend the support it can provide to customers and vendors internationally.

On 19 April 2021, the Group acquired the UC division of eLink Distribution AG. The acquisition of eLink enhances the Midwich Group's UC offering in the DACH region and underlines its investment in this strategically important and fast-growing technology category.

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

Audit tender

During the period the Group conducted an audit tender led by the Audit Committee Chair. Whilst there is no formal requirement for an audit tender in AIM companies, the Audit Committee noted that that the Group's auditors were approaching their tenth anniversary in post and, therefore, determined that a process should take place. The tender process followed the guidelines issued by the Financial Reporting Council (FRC) and six firms were invited to tender; all participated. After shortlisting three firms and following a comprehensive review of their proposals the outcome of the process was that Grant Thornton was reappointed as the Group's auditors.

Outlook

According to research published by industry trade body AVIXA in June 2021, the global market for AV contracted by 17% in 2020, with the fall in EMEA (the Group's largest territory) just under 20%. The global reduction was much higher than the 8% reduction it forecast in July 2020. The market is expected to grow by 8.4% in 2021 and then at a compound annual rate of 7.2% for the next five years. Retail, cinema, events and hospitality were the hardest hit end user markets in 2020, and are expected to see very significant growth given the increase in household finances. 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 this.

The Board believes that the Group's markets and business should continue to improve steadily across the remainder of 2021 and into 2022, although there remains a risk of negative impact due to further lockdowns. Shortages of product appear to be worsening and are having a dampening effect on revenues, albeit such impacts should be temporary and, at present, not affect the general growth trajectory of the business.

Trading since the end of H1 has been in line with Board expectations. Order books have continued to strengthen and, barring significant lockdowns in key territories, the Board expects trading to be comfortably ahead of its previous expectations.

Regional highlights

	Six months ended 30 June 2021 £m	30 June 2020 £m	Total growth %	Growth at constant currency %	Organic growth %
Revenue					
UK & Ireland	128.6	103.1	24.7%	24.8%	24.8%
EMEA	210.2	127.2	65.3%	66.2%	58.2%
Asia Pacific	22.2	21.7	2.0%	(2.4%)	(2.5%)
North America	29.1	50.0	(41.8%)	(36.3%)	(43.5%)[2]
Total Global	**390.1**	**302.0**	29.2%	30.1%	25.6%
Gross profit margin					
UK & Ireland	15.4%	15.5%	(0.1) ppts		
EMEA	14.5%	14.5%	- ppts		
Asia Pacific	17.7%	15.7%	2.0 ppts		
North America	17.2%	11.9%	5.3 ppts		
Total Global	**15.1%**	**14.5%**	0.6 ppts		
Adjusted operating profit[1]					
UK & Ireland	4.9	2.1	135.9%	136.0%	
Continental Europe	9.1	2.0	341.3%	342.3%	
Asia Pacific	0.5	0.4	32.6%	21.0%	
North America	1.1	0.7	73.0%	89.3%	
Group costs	(1.7)	(1.1)			
Total Global	**13.9**	**4.1**	238.0%	240.2%	
Adjusted finance costs	(0.9)	(0.9)			
Adjusted profit before tax[1]	**13.0**	**3.2**	304.1%	305.8%	

[1]Definitions of the alternative performance measures are set out in Note 2

[2]North American revenue was impacted by the exit of low margin fulfilment activity in December 2020. Excluding this from the prior year North American organic growth was 30.3%

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

UK & Ireland

Revenue in the UK & Ireland (UK&I) increased by 24.8% in the period. Trading improved significantly after the easing of the severe lockdowns earlier in the period. The growth in revenue was helped particularly by the contribution from new vendors launched in late 2020 and H1 2021, such as Barco Clickshare and BirdDog.

The gross margin percentage was broadly flat compared with H1 2020, although this represented a continued improvement on the Covid-19 lockdown period. The live events, entertainment and hospitality markets have remained subdued, but it is anticipated that further easing of restrictions should enable these markets to return towards normality, thus improving sales and margins in the UK&I business. The UK&I business ceased its use of government furlough support during the period.

Adjusted operating profit increased by 136% in the UK&I.

EMEA

Trading in EMEA showed the greatest improvement, with revenues up 66.2% year on year. The strongest performances were seen in Germany, which benefited from both strong sales into the education sector and high demand for broadcast solutions, and France, which benefitted from the new brands added and market share gains. Whilst the region has continued to be impacted by Covid-19 restrictions there has been a progressive improvement in demand in all territories during the period and order books are substantially ahead of the prior year.

Gross margin at 14.5% was in line with the prior year with a positive improvement in many businesses offset by a negative mix effect due to the scale of the growth in Germany and France.

Adjusted operating profit in EMEA increased by 342.3% reflecting the positive operating leverage from the revenue growth.

Asia Pacific

Revenue in Asia Pacific was broadly in line with the prior year. The region was the least affected by Covid-19 restrictions in the prior year and traded well in the period with strong demand for camera and broadcast solutions. During the period we saw an increased level of enquiries for larger projects, although recent lockdowns in Australia make the timing of delivery uncertain.

The Asia Pacific gross profit margin of 17.7%, was 2.0 percentage points above H1 2020, reflecting favourable product mix.

Adjusted operating profit in Asia Pacific increased by 21.0% to £0.5 million (H1 2020: £0.4 million).

North America

Trading in North America imporved steadily during the period reflecting the focus on its specialist AV business and the benefit of investment in sales capabilities. Revenue in North America declined by 36.3% as a result of the previously announced exit of low margin fulfiment activity in the second half of 2020. Excluding this activity North American revenue increased by 30.3%.

Gross margins improved substantially to 17.2% (H1 2020: 11.9%) with the business benefitting from both an improvement in product mix and the release of provisions in respect of aged stock sold in the period.

Adjusted operating profit in North America increased by 89.3% to £1.1m (H1 2020: £0.7 million).

Group costs

Group costs for the half year were £1.7 million (H1 2020: £1.1 million). The increase reflects the return to full salary and bonus costs following the voluntary reductions to partially mitigate the impact of Covid-19 in 2020.

Operating profit

Adjusted operating profit for the period at £13.9 million (H1 2020 £4.1 million) is stated before the impact of acquisition related expenses of £0.3 million (H1 2020: £0.4 million), share based payments and associated employer taxes of £2.4 million (H1 2020: £1.3 million) and amortisation of acquired intangibles of £3.6 million (H1 2020: £3.1 million). The reported operating profit for the period was £7.6 million (H1 2020: £0.7 million loss).

Movement in foreign exchange

In recent months Sterling has appreciated against both the USD and the Euro. In the period this reduced the reported group rates by 0.9 percentage points. Should current exchange rates prevail for the rest of 2021 the full year impact of currency translation will be to reduce revenue growth by approximately 3%. 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 £0.9 million (H1 2020: £0.9 million).

Reported finance costs for the period were £0.6 million (H1 2020: £1.9 million). The adjustments to finance costs include foreign exchange income on borrowings for acquisitions of £1.4 million (H1 2020: £(0.5) million), movements in deferred and contingent considerations of £0.1 million (H1 2020: £0.1 million), and movements in put option liabilities over non-controlling interests of £1.0 million (H1 2020: £0.4 million).

Taxation

The reported tax charge for the period was £2.5 million (H1 2020: £0.3 million). The adjusted effective tax rate for the period was 27.8% (H1 2019: 24.9%) calculated based on the adjusted tax charge for the period divided by adjusted profit before tax. The increase in effective tax rate is attributable to a shift in geographic mix towards higher tax jurisdictions.

Cash flows and net debt

The Group had an adjusted net cash outflow from operations before tax of £5.1 million for the period (H1 2020: £9.0 million inflow). Whilst the focus in the prior year was on liquidity and cash preservation, 2021 saw a return to more usual working capital patterns. 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. Given the stronger than expected trading in the period, and the chip related risk of product shortages, the Group decided to invest in additional inventory to ensure continuity of supply. The Board is comfortable that the Group's long-term average cash conversion rate (70-80%) remains unchanged.

Adjusted net debt (excluding leases liabilities), was £56.0 million at 30 June 2021 (£41.2 million at 30 June 2020).

The adoption of IFRS 16 in 2019 resulted in an increase in recognised lease liabilities. Lease liabilities excluded from adjusted net debt totalled £17.2m at 30 June 2021 (£17.9m 30 June 2020). Total net debt was £73.3m at 30 June 2021 (£59.1m at 30 June 2020).

Adjusted net debt was impacted by payments totalling £18.8m less cash acquired of £2.7m in respect of the acquisitions of NMK and eLink together with deferred consideration of £5.0m for Prase and Bauer und Trummer.

The Group has access to a £50m RCF facility 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. As at 30 June 2021, the Group has access to total facilities of approximately £180 million.

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

Following the special dividend of 3.00 pence per share, paid on 2 July 2021, the Board is pleased to declare an interim dividend of 3.30 pence per share (H1 2020: nil). This will be paid on 25 October 2021 to those shareholders on the Company's register as at 17 September 2021. The last day to elect for dividend reinvestment ("DRIP") is 4 October 2021.

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 intends to pay future dividends within a cover range of 2 to 2.5 times adjusted earnings.

Stephen Fenby
Managing Director

Midwich Group plc

Unaudited consolidated income statement for the 6 months ended 30 June 2021

	Note	30 June 2021 Unaudited £'000	30 June 2020 Unaudited £'000	31 December 2020 Audited £'000
Revenue		390,072	302,017	711,754
Cost of sales		(331,005)	(258,211)	(609,961)
Gross profit		59,067	43,806	101,793
Distribution costs		(37,165)	(32,039)	(68,488)
Administrative expenses		(15,887)	(13,343)	(28,225)
Other operating income		1,600	905	2,010
Operating profit/(loss)		7,615	(671)	7,090
Adjusted operating profit		13,921	4,118	16,532
Costs of acquisitions		(286)	(359)	(526)
Share based payments		(2,024)	(1,378)	(2,562)
Employer taxes on share based payments		(426)	56	(130)
Amortisation of brands, customer and supplier relationships		(3,570)	(3,108)	(6,224)
		7,615	(671)	7,090
Finance income		48	2	172
Finance costs	5	(571)	(1,855)	(8,257)
Profit/(loss) before taxation		7,092	(2,524)	(995)
Taxation		(2,516)	(278)	(2,392)
Profit/(loss) after taxation		4,576	(2,802)	(3,387)
Profit/(loss) for the financial period/year attributable to:				
The Company's equity shareholders		4,220	(2,824)	(3,751)
Non-controlling interests		356	22	364
		4,576	(2,802)	(3,387)
Basic earnings per share	3	4.79p	(3.29)p	(4.32)p
Diluted earnings per share	3	4.70p	(3.29)p	(4.32)p

Midwich Group plc

Unaudited consolidated statement of comprehensive income for 6 months ended 30 June 2021

	30 June 2021 Unaudited £'000	30 June 2020 Unaudited £'000	31 December 2020 Audited £'000
Profit/(loss) for the period/financial year	4,576	(2,802)	(3,387)
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss:			
Actuarial gains and (losses) on retirement benefit obligations	-	-	(4)
Items that will be reclassified subsequently to profit or loss:			
Net (loss)/gain on net investment hedge	-	(953)	(194)
Foreign exchange gains/(losses) on consolidation	(3,835)	4,819	3,542
Other comprehensive income for the financial period/year, net of tax	(3,835)	3,866	3,344
Total comprehensive income for the period/financial year	741	1,064	(43)
Attributable to:			
Owners of the Parent Company	748	552	(878)
Non-controlling interests	(7)	512	835
	741	1,064	(43)

Midwich Group plc

Unaudited consolidated statement of financial position as at 30 June 2021

	Note	30 June 2021 Unaudited £'000	30 June 2020 Unaudited £'000	31 December 2020 Audited £'000
Assets				
Non-current assets				
Goodwill		22,329	15,417	15,350
Intangible assets		53,518	47,443	43,631
Right of use assets		16,239	16,450	17,102
Property, plant and equipment		10,574	12,049	11,206
Deferred tax assets		2,779	2,452	2,386
		105,439	93,811	89,675
Current assets				
Inventories		117,838	110,633	83,995
Trade and other receivables		127,252	92,465	107,082
Derivative financial instruments		7	-	24
Cash and cash equivalents		19,884	20,328	25,485
		264,981	223,426	216,586
Current liabilities				
Trade and other payables		(137,571)	(103,160)	(110,136)
Derivative financial instruments		(391)	(1,014)	(1,094)
Put option liabilities over non-controlling interests		(5,518)	(3,806)	(1,306)
Deferred and contingent considerations		(6,135)	(6,423)	(7,012)
Borrowings and financial liabilities		(43,267)	(37,968)	(30,045)
Current tax		(2,130)	(2,441)	(638)
		(195,012)	(154,812)	(150,231)
Net current assets		69,969	68,614	66,355
Total assets less current liabilities		175,408	162,425	156,030
Non-current liabilities				
Trade and other payables		(1,385)	(664)	(1,708)
Put option liabilities over non-controlling interests		(4,034)	(4,041)	(3,337)
Deferred and contingent considerations		(1,796)	(490)	(465)
Borrowings and financial liabilities		(49,875)	(41,445)	(34,719)
Deferred tax liabilities		(6,298)	(6,736)	(7,011)
Other provisions		(2,786)	(2,615)	(2,303)
		(66,174)	(55,991)	(49,543)
Net assets		109,234	106,434	106,487
Equity				
Share capital	6	887	886	886
Share premium		67,047	68,193	67,047
Share based payment reserve		6,340	4,024	4,472
Investment in own shares	6	(7)	(8)	(6)
Retained earnings		34,794	29,042	30,436
Translation reserve		(1,355)	3,375	2,117
Hedging reserve		-	(759)	-
Put option reserve		(8,679)	(6,329)	(4,813)
Capital redemption reserve		50	50	50
Other reserve		150	150	150
Equity attributable to owners of Parent Company		99,227	98,624	100,339
Non-controlling interests		10,007	7,810	6,148
Total equity		109,234	106,434	106,487

Midwich Group plc

Unaudited consolidated statement of changes in equity for 6 months ended 30 June 2021

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
Balance at 1 January 2021	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)
Total comprehensive income for the year	-	-	-	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	-
Balance at 30 June 2021 (unaudited)	887	67,047	(7)	34,794	(3,494)	99,227	10,007	109,234

For the period ended 30 June 2020

	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
Balance at 1 January 2020	799	28,225	(5)	31,867	(2,891)	57,995	7,298	65,293
Loss for the period	-	-	-	(2,824)	-	(2,824)	22	(2,802)
Other comprehensive income	-	-	-	-	3,376	3,376	490	3,866
Total comprehensive income for the year	-	-	-	(2,824)	3,376	552	512	1,064
Shares issued (note 6)	87	38,822	(7)	-	-	38,902	-	38,902
Share based payments	-	-	-	-	1,378	1,378	-	1,378
Deferred tax on share based payments	-	-	-	-	(203)	(203)	-	(203)
Share options exercised	-	1,146	4	(1)	(1,149)	-	-	-
Balance at 30 June 2020 (unaudited)	886	68,193	(8)	29,042	511	98,624	7,810	106,434

Midwich Group plc

For the year ended 31 December 2020 (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
Balance at 1 January 2020	799	28,225	(5)	31,867	(2,891)	57,995	7,298	65,293
(Loss)/profit for the year	-	-	-	(3,751)	-	(3,751)	364	(3,387)
Other comprehensive income	-	-	-	(4)	2,877	2,873	471	3,344
Total comprehensive income for the year	-	-	-	(3,755)	2,877	(878)	835	(43)
Shares issued (note 6)	87	38,822	(7)	-	-	38,902	-	38,902
Share based payments	-	-	-	-	2,562	2,562	-	2,562
Deferred tax on share based payments	-	-	-	-	(232)	(232)	-	(232)
Share options exercised	-	-	6	1,855	(1,856)	-	-	5
Acquisition of non-controlling interest (note 9)	-	-	-	469	1,516	1,985	(1,985)	-
Balance at 31 December 2020	886	67,047	(6)	30,436	1,976	100,339	6,148	106,487

Midwich Group plc

Unaudited consolidated cashflow statement for 6 months ended 30 June 2021

	30 June 2021 Unaudited £'000	30 June 2020 Unaudited £'000	31 December 2020 Audited £'000
Cash flows from operating activities			
Profit/(loss) before tax	7,092	(2,524)	(995)
Depreciation	2,653	2,898	5,991
Amortisation	3,697	3,158	6,429
Gain on disposal of assets	356	3	1,122
Share based payments	2,024	1,378	2,562
Foreign exchange gains	(331)	(171)	(295)
Finance income	(48)	(2)	(172)
Finance costs	571	1,855	8,257
Profit from operations before changes in working capital	16,014	6,595	22,899
(Increase)/decrease in inventories	(28,718)	8,301	34,939
(Increase)/decrease in trade and other receivables	(15,497)	32,714	18,097
Increase/(decrease) in trade and other payables	22,794	(39,146)	(31,442)
Cash (outflow)/inflow from operations	(5,407)	8,464	44,493
Income tax paid	(3,307)	(767)	(4,372)
Net cash (outflow)/inflow from operating activities	(8,714)	7,697	40,121
Cash flows from investing activities			
Acquisition of businesses net of cash acquired	(16,134)	(18,393)	(18,393)
Purchase of intangible assets	(845)	(640)	(1,730)
Purchase of plant and equipment	(975)	(981)	(1,860)
Proceeds on disposal of plant and equipment	170	137	306
Interest received	48	2	172
Net cash outflow from investing activities	(17,736)	(19,875)	(21,505)
Cash from financing activities			
Gross proceeds on issue of shares	-	39,724	39,724
Costs associated with shares issued	-	(822)	(822)
Proceeds on exercise of share options	-	5	5
Deferred and contingent considerations paid	(4,999)	(2,951)	(5,238)
Acquisition of non-controlling interest	-	-	(2,875)
Invoice financing inflows/(outflows)	14,385	(25,950)	(32,191)
Proceeds from borrowings	15,977	11,946	4,796
Repayment of loans	(1,000)	(1,078)	(4,445)
Interest paid	(902)	(1,005)	(2,438)
Interest on leases	(152)	(167)	(362)
Capital element of lease payments	(2,201)	(1,225)	(4,226)
Net cash inflow/(outflow) from financing activities	21,108	18,477	(8,072)
Net (decrease)/increase in cash and cash equivalents	(5,342)	6,299	10,544
Cash and cash equivalents at beginning of period/year	23,795	11,497	11,497
Effects of exchange rate changes	(308)	2,532	1,754
Cash and cash equivalents at end of period/year	18,145	20,328	23,795
Comprising:			
Cash at bank	19,884	20,328	25,485
Bank overdrafts	(1,739)	-	(1,690)
	18,145	20,328	23,795

1. General information

The interim financial information for the period to 30 June 2021 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 International Accounting Standards ("IAS"), and should therefore be read in conjunction with the consolidated financial statements for the year ended 31 December 2020.

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 2020. The audited financial statements for the year ended 31 December 2020 complied with International Accounting Standards 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 2020, 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.

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.

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: This is adjusted profit after tax less profit, amortisation of brand, customer and supplier relationship intangible assets and tax thereon due to non-controlling interests divided by the weighted number of shares outstanding.

Adjusted net debt: This is net debt excluding leases.

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:

	June 2021	**June 2020**	**December 2020**
Profit/(Loss) attributable to equity holders of the Parent Company (£'000)	4,220	(2,824)	(3,751)
Weighted average number of shares outstanding	88,032,819	85,882,336	86,893,508
Dilutive (potential dilutive) effect of share options	1,665,248	1,361,945	1,242,399
Weighted average number of ordinary shares for the purposes of diluted earnings per share	89,698,067	87,244,281	88,135,907
Basic earnings per share	4.79p	(3.29)p	(4.32)p
Diluted earnings per share	4.70p	(3.29)p	(4.32)p

4. Segmental reporting

30 June 2021	**UK & Ireland £'000**	**EMEA £'000**	**APAC £'000**	**North America £'000**	**Other £'000**	**Total £'000**
Revenue	128,581	210,223	22,194	29,074	-	390,072
Gross profit	**19,747**	**30,388**	**3,918**	**5,014**	**-**	**59,067**
Gross profit %	15.4%	14.5%	17.7%	17.2%	-	15.1%
Adjusted operating profit/(loss)	**4,923**	**9,092**	**468**	**1,134**	**(1,696)**	**13,921**
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)
Operating profit/(loss)	**2,872**	**6,667**	**141**	**507**	**(2,572)**	**7,615**
Net interest expense						(523)
Profit before tax						**7,092**

Other segmental information

June 2021	**UK & Ireland £'000**	**EMEA £'000**	**APAC £'000**	**North America £'000**	**Other £'000**	**Total £'000**
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)
Segment net assets	**30,417**	**52,900**	**3,721**	**22,031**	**165**	**109,234**
Depreciation	1,035	1,165	295	158	-	2,653
Amortisation	1,195	1,680	147	675	-	3,697

Other segmental information	**UK £'000**	**Rest of world £'000**	**Total £'000**
Non-current assets	25,142	80,297	105,439

30 June 2020	UK & Ireland £'000	EMEA £'000	APAC £'000	North America £'000	Other £'000	Total £'000
Revenue	103,089	127,180	21,754	49,994	-	302,017
Gross profit	**15,998**	**18,452**	**3,419**	**5,937**	**-**	**43,806**
Gross profit %	15.5%	14.5%	15.7%	11.9%	-	14.5%
Adjusted operating profit/(loss)	**2,087**	**2,060**	**353**	**656**	**(1,038)**	**4,118**
Cost of acquisitions	-	-	-	-	(359)	(359)
Share based payments	(606)	(465)	(121)	-	(186)	(1,378)
Employer taxes on share based payments	15	34	3	-	4	56
Amortisation of brand, customer and supplier relationships	(1,279)	(1,135)	(133)	(561)	-	(3,108)
Operating profit/(loss)	**217**	**494**	**102**	**95**	**(1,579)**	**(671)**
Net interest expense						(1,853)
Loss before tax						**(2,524)**

Other segmental information

June 2020	UK & Ireland £'000	EMEA £'000	APAC £'000	North America £'000	Other £'000	Total £'000
Segment assets	94,565	143,447	20,093	58,769	363	317,237
Segment liabilities	(59,291)	(99,411)	(14,848)	(36,927)	(326)	(210,803)
Segment net assets	**35,274**	**44,036**	**5,245**	**21,842**	**37**	**106,434**
Depreciation	1,342	1,236	131	189	-	2,898
Amortisation	1,292	1,164	141	561	-	3,158

Other segmental information	UK £'000	Rest of world £'000	Total £'000
Non-current assets	27,888	65,923	93,811

31 December 2020	UK & Ireland£ '000	EMEA £'000	APAC £'000	North America £'000	Other £'000	Total £'000
Revenue	224,386	331,115	44,476	111,777	-	711,754
Gross profit	**31,321**	**45,635**	**6,821**	**18,016**	**-**	**101,793**
Gross profit %	14.0%	13.8%	15.3%	16.1%	-	14.3%
Adjusted operating profit/(loss)	**3,916**	**9,393**	**820**	**4,909**	**(2,506)**	**16,532**
Costs of acquisitions	-	-	-	-	(526)	(526)
Share based payments	(1,141)	(799)	(218)	(3)	(401)	(2,562)
Employer taxes on share based payments	(46)	(31)	(7)	-	(46)	(130)
Amortisation of brands, customer and supplier relationships	(2,490)	(2,285)	(270)	(1,179)	-	(6,224)
Operating profit/(loss)	**239**	**6,278**	**325**	**3,727**	**(3,479)**	**7,090**
Interest						(8,085)
Loss before tax						**(995)**

December 2020	UK & Ireland £'000	EMEA £'000	Asia Pacific £'000	North America £'000	Other £'000	Total £'000
Segment assets	94,627	150,167	21,039	40,130	298	306,261
Segment liabilities	(60,545)	(103,078)	(17,614)	(17,851)	(686)	(199,774)
Segment net assets	**34,082**	**47,089**	**3,425**	**22,279**	**(388)**	**106,487**
Depreciation	2,540	2,603	480	368	-	5,991
Amortisation	2,519	2,356	286	1,268	-	6,429

Other segmental information	UK £'000	International £'000	Total £'000
Non-current assets	25,959	63,716	89,675

5. Finance costs

	June 2021 £'000	June 2020 £'000	December 2020 £'000
Interest on overdraft and invoice discounting	414	574	1,194
Interest on leases	152	167	362
Interest on loans	383	351	830
Fair value movements on foreign exchange derivatives	5	(194)	156
Other interest costs	2	2	4
Fair value movements on derivatives for borrowings	(589)	1,154	1,194
Foreign exchange (gains)/losses on borrowings for acquisitions	(892)	(681)	1,088
Interest, foreign exchange and other finance costs of deferred and contingent considerations	52	107	3,275
Interest, foreign exchange and other finance costs of put option liabilities	1,044	375	154
	571	1,855	8,257

6. Share capital

The total allotted share capital of the Parent Company is:

Allotted, issued and fully paid

	June 2021		June 2020		December 2020	
Classed as equity:	**Number**	**£'000**	**Number**	**£'000**	**Number**	**£'000**
Issued and fully paid ordinary shares of £0.01 each						
Opening balance	88,604,712	886	79,973,412	799	79,973,412	799
Shares issued	130,900	1	8,631,300	87	8,631,300	87
Closing balance	88,735,612	887	88,604,712	886	88,604,712	886

During the period Midwich Group plc issued 130,900 shares (2020: 686,500) into an employee benefit trust. During the prior year, in addition to the shares issued to the employee benefit trust Midwich Group plc issued 7,944,800 shares in order to repay short term debts and fund the Starin acquisition.

Own shares held in employee benefit trusts

	June 2021		June 2020		December 2020	
	Number	**£'000**	**Number**	**£'000**	**Number**	**£'000**
Issued and fully paid ordinary shares of £0.01 each						
Opening balance	593,600	6	476,700	5	476,700	5
Shares issued	130,900	1	686,500	7	686,500	7
Exercise of share options	(40,500)	-	(342,200)	(4)	(569,600)	(6)
Closing balance	684,000	7	821,000	8	593,600	6

A reconciliation of LTIP option movements during the current and comparative period, and the year to 31 December 2020 is as follows:

	Six months to June 2021	Six months to June 2020	Twelve months to December 2020
Outstanding at 1 January	2,691,676	1,976,250	1,976,250
Granted	89,700	-	1,222,676
Lapsed	(13,300)	(10,250)	(39,750)
Exercised	(39,000)	(253,000)	(467,500)
Outstanding at period end	2,729,076	1,713,000	2,691,676

A reconciliation of SIP option movements during the current and comparative period, and the year to 31 December 2020 is as follows:

	Six months to June 2021	Six months to June 2020	Twelve months to December 2020
Outstanding at 1 January	254,700	265,100	265,100
Granted	111,900	-	105,900
Lapsed	(11,400)	(7,900)	(14,200)
Exercised	(1,500)	(89,200)	(102,100)
Outstanding at period end	353,700	168,000	254,700

7. Other reserves

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
Balance at 1 January 2021	4,472	2,117	(4,813)	50	150	1,976
Other comprehensive income	-	(3,472)	-	-	-	(3,472)
Total comprehensive income for the period	-	(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	-	-	(3,866)	-	-	(3,866)
Balance at 30 June 2021	6,340	(1,355)	(8,679)	50	150	(3,494)

Movement in other reserves for the year ended 30 June 2020 (Unaudited)

	Share based payment reserve £'000	Translation reserve £'000	Hedging reserve £'000	Put option reserve £'000	Capital redemption reserve £'000	Other reserve £'000	Total £'000
Balance at 1 January 2020	3,998	(954)	194	(6,329)	50	150	(2,891)
Other comprehensive income	-	4,329	(953)	-	-	-	3,376
Total comprehensive income for the period	-	4,329	(953)	-	-	-	3,376
Share based payments	1,378	-	-	-	-	-	1,378
Deferred tax on share based payments	(203)	-	-	-	-	-	(203)
Share options exercised	(1,149)	-	-	-	-	-	(1,149)
Balance at 30 June 2020	4,024	3,375	(759)	(6,329)	50	150	511

Movement in other reserves for the year ended 31 December 2020 (Audited)

	Share based payment reserve £'000	Translation reserve £'000	Hedging reserve £'000	Put option reserve £'000	Capital redemption reserve £'000	Other reserve £'000	Total £'000
Balance at 1 January 2020	3,998	(954)	194	(6,329)	50	150	(2,891)
Other comprehensive income	-	3,071	(194)	-	-	-	2,877
Total comprehensive income for the year	-	3,071	(194)	-	-	-	2,877
Share based payments	2,562	-	-	-	-	-	2,562
Deferred tax on share based payments	(232)	-	-	-	-	-	(232)
Share options exercised	(1,856)	-	-	-	-	-	(1,856)
Acquisition of non-controlling interest (note 9)	-	-	-	1,516	-	-	1,516
Balance at 31 December 2020	4,472	2,117	-	(4,813)	50	150	1,976

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
Nicolas M. Kyvernitis Electronics Ent	Distribution of audio visual products to trade customers	1 January 2021	80%	15,463
Starin Marking Inc	Distribution of audio visual products to trade customers	6 February 2020	100%	20,961

In addition to the above on the 19 April 2021 and 28 February 2020 the Group exchanged a fair value consideration of £8,775k and £885k to acquire certain trade and assets of eLink Distribution AG and Vantage Systems Pty Limited, Companies registered in Germany and Australia.

2021 acquisitions

Fair value of consideration transferred 2021	**NMK £'000**	**eLink £'000**
Cash	11,350	7,441
Deferred consideration	4,113	-
Contingent consideration	-	1,334
Total	15,463	8,775

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	**NMK £'000**	**eLink £'000**
Non-current assets		
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	-
	14,555	7,054
Current assets		
Inventories	2,325	2,799
Trade and other receivables	4,673	-
Cash and cash equivalents	2,657	-
	9,655	2,799
Current liabilities		
Trade and other payables	(4,432)	-

Non-current liabilities		
Provisions	(368)	-
Deferred tax	(81)	(1,078)
	(449)	(1,078)
Non-controlling interests	(3,866)	-
Fair value of net assets acquired attributable to equity shareholders of the Parent Company	15,463	8,775

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

Gross contractual amounts of trade and other receivables acquired in 2021 were £4,810k, with bad debt provisions of £137k.

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)	-
Net cash outflow	8,693	7,441
Plus: borrowings acquired	-	-
Net debt outflow	8,693	7,441

2020 acquisitions

Fair value of consideration transferred 2020	**Starin £'000**	**Vantage £'000**
Cash	18,872	506
Deferred consideration	2,089	379
Total	20,961	885

Acquisition costs of £327k in relation to the acquisition of Starin and £32k in relation to the Vantage acquisition of trade and assets were expensed to the income statement during the period ended 30 June 2020.

Fair value of acquisitions 2020	**Starin £'000**	**Vantage £'000**
Non-current assets		
Goodwill	520	960
Intangible assets - brands	4,065	-
Intangible assets - customer relationships	2,884	-
Intangible assets - supplier relationships	9,189	-
Intangible assets - software	82	-
Right of use assets	743	-
Plant and equipment	515	5
Deferred tax	3	-
	18,001	965

Current assets		
Inventories	30,243	-
Trade and other receivables	20,951	129
Cash and cash equivalents	985	-
	52,179	129
Current liabilities		
Trade and other payables	(35,885)	(209)
Borrowings and financial liabilities	(12,728)	-
	(48,613)	(209)
Non-current liabilities		
Borrowings and financial liabilities	(606)	-
	(606)	-
Fair value of net assets acquired attributable to equity shareholders of the Parent Company	20,961	885

Goodwill acquired in 2020 relates to the workforce, synergies and sales know how. Goodwill arising on the Starin acquisition has been allocated to the North America segment, goodwill arising on the Vantage trade and assets acquisition has been allocated to the Asia Pacific segment.

Gross contractual amounts of trade and other receivables acquired in 2020 were £21,977k, with bad debt provisions of £897k.

Net cash outflow on acquisition of subsidiaries 2020

	Starin £'000	Vantage £'000
Consideration paid in cash	18,872	506
Less: cash and cash equivalent balances acquired	(985)	-
Net cash outflow	17,887	506
Plus: borrowings acquired	13,334	-
Net debt outflow	31,221	506

9. Acquisition of non-controlling interest

During 2020, the Group acquired the remaining 30.0% non-controlling interest in Gebroeders van Domburg BV, which had a value of £1,985k, for a consideration of £2,874k. £1,516k 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 for currencies reported in both the current and prior periods.

	Six months to 30 June 2021 Average	Six months to 30 June 2020 Average	At 30 June 2021	At 30 June 2020	At 31 December 2020
EUR/GBP	1.149	1.144	1.165	1.100	1.112
AUD/GBP	1.806	1.907	1.840	1.795	1.763
NZD/GBP	1.935	2.001	1.978	1.920	1.885
USD/GBP	1.386	1.265	1.382	1.236	1.365
CHF/GBP	1.258	1.221	1.277	1.171	1.220
NOK/GBP	11.772	12.241	11.888	11.924	11.627

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

	Revised 2020 £'000	2020 £'000	Impact £'000	Impact %
Loss before tax	(2,466)	(2,524)	58	2.3%
Net assets	101,821	106,434	(4,613)	(4.3%)

11. Copies of interim report

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

12. Adjustments to reported results

	Six months ended 30 June 2021 £000	30 June 2020 £000
Operating profit/(loss)	**7,615**	**(671)**
Cost of acquisitions	286	359
Share based payments	2,024	1,378
Employer taxes on share based payments	426	(56)
Amortisation of brands, customer and supplier relationships	3,570	3,108
Adjusted operating profit	**13,921**	**4,118**
Depreciation	2,653	2,898
Amortisation of patents and software	127	50
Adjusted EBITDA	**16,701**	**7,066**
(Increase)/decrease in adjusted inventories	(28,718)	8,301
(Increase)/decrease in adjusted trade and other receivables	(15,497)	32,714
Increase/(decrease) in adjusted trade and other payables	22,368	(39,090)
Adjusted cash flow from operations	**(5,146)**	**8,991**
Adjusted EBITDA cash flow conversion	(30.8%)	127.2%

Profit/(loss) before tax	**7,092**	**(2,524)**
Cost of acquisitions	286	359
Share based payments	2,024	1,378
Employer taxes on share based payments	426	(56)
Amortisation of brands, customer and supplier relationships	3,570	3,108
Derivative fair value movements and foreign exchange gains and losses on borrowings for acquisitions	(1,481)	473
Finance costs – deferred and contingent considerations	52	107
Finance costs – put option liabilities over non-controlling interests	1,044	375
Adjusted profit before tax	**13,013**	**3,220**
Profit/(loss) after tax	**4,576**	**(2,802)**
Cost of acquisitions	286	359
Share based payments	2,024	1,378
Employer taxes on share based payments	426	(56)
Amortisation of brands, customer and supplier relationships	3,570	3,108
Derivative fair value movements and foreign exchange gains and losses on borrowings for acquisitions	(1,481)	473
Finance costs – deferred and contingent considerations	52	107
Finance costs – put option liabilities over non-controlling interests	1,044	375
Tax impact	(1,105)	(525)
Adjusted profit after tax	**9,392**	**2,417**
Profit/(loss) after tax	**4,576**	**(2,802)**
Non-controlling interest	(356)	(22)
(Loss)/profit after tax attributable to equity holders of the Parent Company	**4,220**	**(2,824)**
Adjusted profit after tax	**9,392**	**2,417**
Non-controlling interest	(356)	(22)
Amortisation attributable to NCI	(211)	(143)
Deferred tax on amortisation attributable to NCI	49	38
Adjusted profit after tax attributable to equity holders of the Parent Company	**8,874**	**2,290**
Weighted average number of ordinary shares	88,032,819	85,882,336
Diluted weighted average number of ordinary shares	89,698,067	87,244,281
Basic adjusted earnings per share	**10.08p**	**2.67p**
Diluted adjusted earnings per share	**9.89p**	**2.63p**

13. Dividends

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