18 March 2025

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

2024 Full Year Results

Record revenue and gross margins achieved in FY24, reflecting robust performance despite a continuing challenging market

Midwich Group (AIM: MIDW), a global specialist audio visual ("AV") distributor to the trade market, today announces its audited full year results for the year ended 31 December 2024.

Statutory financial highlights

	Year to 31 December 2024 £m	**Year to 31 December 2023[1] £m**	**Total growth %**
Revenue	**1,317.0**	1,295.1	1.7%
Gross profit	**234.3**	226.1	3.6%
Gross margin	**17.8%**	17.5%	
Operating profit	**24.1**	41.6	(42.0%)
Profit before tax	**22.3**	36.5	(39.0%)
Basic EPS - pence	**15.69p**	27.98p	(43.9%)
Total Dividend – pence per share[3]	**13.0**	16.5	

Adjusted financial highlights[2]

	Year to 31 December 2024 £m	**Year to 31 December 2023 £m**	**Total growth %**	**Growth at constant currency %**
Revenue	**1,317.0**	1295.1	1.7%	3.5%
Gross profit	**234.3**	226.1	3.6%	5.5%
Gross margin	**17.8%**	17.5%		
Adjusted operating profit	**48.3**	59.6	(19.0%)	(17.4%)
Adjusted operating profit margin %	**3.7%**	4.6%		
Adjusted profit before tax	**38.3**	50.0	(23.5%)	(21.6%)
Adjusted EPS - pence	**26.24p**	37.46p	(30.0%)	
Adjusted cash flow conversion	**97%**	114%		
Adjusted net debt ratio	**2.0x**	1.1x		

[1] Restated – see note 17 for details
[2] See note 1 of the Group financial statements for definitions of non-GAAP measures and note 16 for the reconciliations of non-GAAP measures to statutory reported results.
[3] Total of interim and final dividends

Financial highlights

- Record revenue and gross margins, despite continued challenging macro conditions
- Revenue increased 1.7% to £1,317.0m (2023: £1,295.1m) and up 3.5% on a constant currency basis
- Highest ever gross profit margins of 17.8%, substantially ahead of the prior year (2023: 17.5%)
- Adjusted operating profit of £48.3m (2023: £59.6m) reflects a resilient performance in a tough market, with strong Adjusted cash flow conversion of 97%
- Net debt to adjusted EBITDA at the period end was 2.0x, in line with Board expectations
- Proposed final dividend of 7.5p, bringing the 2024 full year dividend to 13.0p (2023: 16.5p) and dividend cover to 2.0x

Operational highlights

- Strong performance in strategic product categories, reflecting the Group's strategy to focus on higher margin product areas
- Group market share generally stable or increasing, despite the tough market conditions
- Strong performance in North America with sales +28% and organic revenue up 7%
- Cost mitigation actions undertaken in H2 2024, resulting in c.£5m of annualised savings achieved
- Four small bolt-on acquisitions completed during the period, with integration progressing well
- Compound annual growth in revenue and adjusted operating profit since IPO in 2016 of 17% and 13% respectively, with a strong return on capital. Testament to the strength of our long-term strategy and the quality of our teams
- No M&A opportunities currently in late stages, but appetite for M&A remains in the medium term

Stephen Fenby, Managing Director of Midwich Group plc, commented:
"After three years of strong growth, 2024 was a challenging period for the Group. The business continued to be impacted by subdued investment in the education and corporate end user markets, along with significant price erosion in some mainstream product areas due to over-supply by manufacturers. Despite these factors, our strategy of focusing on technical product areas resulted in the business remaining robust, with revenue and gross profit growing to record levels.

Our relative performance reflects the fundamental strength of the business, our customer and vendor relationships, our geographic and technical solution diversity and, most of all, the skills and dedication of our team. I believe that the Group is very well placed to benefit from an improvement in market conditions.

In the short term, continued price deflation in mainstream product areas is expected to cause challenges to the growth of the business. In the meantime, the Group continues to develop new revenue sources, and ensure we operate as efficiently as possible.

Our expected trading performance for the 2025 full year remains unchanged, with a higher weighting anticipated for the second half of the year."

Analyst meeting/webinar
There will be a meeting and webinar for sell-side analysts at 9.30am GMT today, 18 March 2025, the details of which can be obtained from FTI Consulting: midwich@fticonsulting.com.

For further information:

Midwich Group plc Stephen Fenby, Managing Director Stephen Lamb, Finance Director	**+44 (0) 1379 649200**
Investec Bank plc (NOMAD and Joint Broker to Midwich) Carlton Nelson / Ben Griffiths	**+44 (0) 20 7597 5970**
Berenberg (Joint Broker to Midwich) Ben Wright / Richard Andrews	**+44 (0) 20 3207 7800**

FTI Consulting **+44 (0) 20 3727 1000**
Alex Beagley / Tom Hufton / Matthew Young midwich@fticonsulting.com

About Midwich Group

Specialisation at scale

Midwich Group is a network of businesses which partner with the world's leading technology companies to accelerate their growth. Selling into over 50 countries from 23 global locations, the Group specialises in audiovisual technology - whether in state-of-the-art meeting rooms or on a festival main stage, our solutions help the world connect, communicate, or experience wow moments.

Taking technology further

With services ranging from product distribution to complex system design, focused marketing campaigns to flexible financing solutions, and showcase events to seed funding for startups, the Group's ever-expanding offering is designed to add value and solve its partners' biggest challenges.

This has enabled the Group to maintain strong relationships with global manufacturers and a diverse customer base of over 24,000, including professional integrators, event production companies and IT resellers in sectors such as education, corporate, retail and live events.

Enabling tomorrow

With over 1,800 employees across the UK and Ireland, EMEA, Asia Pacific and North America, the company is committed to being a responsible employer.

The Group wants to do the right thing and actively works to limit its impact on the environment and communities, and recognises the importance of giving back - find out more about our sustainability activities here.

For further information, please visit www.midwichgroupplc.com

Chair's Statement

Our presence, product diversification, and specialist Pro AV focus delivered strong gross margin improvement.

Midwich Group demonstrated resilience against a challenging market backdrop and I am pleased to be able to report further progress in 2024, including record revenue and gross margins, increased specialisation, further strategic investments and continued development of our leadership team.

After an exceptional period of growth following the pandemic, which saw Group revenue in 2022 almost double the level in 2019, growth in the last two years has been characterised by strong demand for live events and entertainment solutions offset by challenging corporate and education end user markets.

Our industry-leading position and diversity of geographies and technical solutions enabled the Group to respond to this changing market backdrop. Record revenue and gross margins in 2024 is testament to our team's exceptional resilience, knowledge and commitment.

Whilst the Pro AV market has consistently grown above GDP, there were a number of unprecedented challenges that continued throughout 2024. The pressures of macroeconomic slowdowns, the impact of election cycles, higher interest rates and labour inflation continued to moderate demand for our mainstream products. An element of over-supply, as manufacturers struggled to accurately anticipate demand, also resulted in unprecedented levels of discounting in the displays market. The Group responded to this by focusing on value-added technical solutions and, as a result, achieved both gross margin improvements and further market share gains in many of our markets.

At constant currency, Group revenue increased by 3.5% (organic -1.4%) to £1.32bn whilst a gross margin of 17.8% (2023: 17.5%) was a record. Overhead growth reflected the on-boarding of the eleven acquisitions completed in the last two years combined with the impact of inflation on the core cost base. Despite a tight focus on cost control, and some targeted restructuring during the year, which has delivered c.£5m in annualised savings, adjusted operating profit reduced to £48.3m (2023: £59.6m).

In the face of extensive cost inflation in recent years, the Group has achieved compound annual growth in revenue and adjusted operating profit over the last five years of 14% and 8%, respectively, which is down to the strength of our long-term strategy and the quality of our teams.

Looking to the future, the Group remains well placed to benefit from its global scale to develop and deploy digital solutions such as e-commerce and artificial intelligence ("AI"). These will position the Group well to deliver positive operating leverage and net margin improvements as demand across all markets returns to normal levels.

With the start of 2025, the wider economic backdrop continues to remain challenging. Nevertheless, the Board believes that the structural increase in the use of AV solutions will see robust demand in the years ahead, with Midwich a provider of choice for our customer base. Over the longer term, the Pro AV market is forecast to grow by an average of 5.4%[1] per annum for the next five years and the Group is well placed to benefit from this. Despite the Group's significant revenue, our market share represents less than 4% of our estimated target addressable market value for the global Pro AV market. The Group continues to have ambitious growth plans and will continue to execute its strategy to deliver on this sizable market opportunity.

Alongside record revenue, I am pleased that the Group was also able to complete four small strategically important acquisitions in the year.

In January 2024, the Group acquired The Farm North West LLC and The Farm Norcal LLC ("The Farm"), which acts as an exclusive value-added sales agent to its vendor partners, primarily in the audio and technical video segments. Based in Silicon Valley, The Farm, which has now been integrated into the Group's US operation, Starin Marketing, expands the Group's US footprint and enhances its levels of customer and manufacturer support.

In the second half of the year, the Group completed three specialist acquisitions in the UK for a total combined cash consideration of £12m. These higher-margin technical businesses operate primarily in the live events and fire security markets.

These acquisitions bring new capabilities, technologies, customers and vendor relationships, further delivering on the Group's strategy to grow margins and earnings, both organically and through selective acquisitions of strong complementary businesses.

The integration of these businesses is largely complete, and we have thoroughly enjoyed welcoming them to the Group**.**

Over the medium term, we anticipate a continuation of our expansion strategy through both organic growth and acquisition of complementary businesses and believe that our balance sheet and bank facilities position us well to achieve this. The medium term acquisition pipeline remains healthy, and the management team continues to review attractive opportunities.

Dividend

The Board understands the importance of dividends for many of our investors and is pleased to recommend a final dividend of 7.5p per share which, if approved, will be paid on 4 July 2025 to all shareholders on the register as on 23 May 2025. The last day to elect for dividend reinvestment ("DRIP") is 13 June 2025. Coupled with the interim dividend of 5.5p per share, this represents a total dividend for the year of 13.0p per share (2023: 16.5p). The combined value of the interim and proposed final dividends is covered two times by adjusted earnings (2023: 2.3 times).

Given the challenging market backdrop, the Board believes that the full year dividend represents an appropriate balance between continuing to reward shareholders and maintaining a strong balance sheet.

Over the medium term the Board continues to support a progressive dividend policy to reflect the Group's planned growth and cash generation.

Corporate governance

Membership of the Board comprises individual directors with significant and complementary skills and experience. Board composition is kept under review to ensure it meets ongoing governance requirements, including independence and diversity, and that board members collectively have appropriate skills and experience to guide the future development and growth of the business. The Board met ten times during the year and received regular updates from senior leadership.

In line with the Board's succession planning, and the evolving governance environment, I was delighted to welcome Alison Seekings to the Board in March 2024. A fourth independent Non-executive Director, Alison brings a wealth of experience in accounting, governance and technology companies. Alison became Audit Committee Chair in May 2024 and is a member of the other Board sub-Committees.

Having joined the Board in May 2016, Mike Ashley is expected to retire from his Non-executive Director role later this year and a search is currently underway for his successor. Hilary Wright is expected to become Chair of the Remuneration Committee when Mike retires.

I have been Chair of the Board since IPO in May 2016 and it is proposed that I continue in the role for a limited further period. The Board considers continuity in the Chair role important through a period of integrating new Board members and in supporting executive management in returning the business to profitable growth. Planning for the succession of the Chair role will commence in 2025 with a view to my standing down in due course once a suitable replacement is found.

In December 2024, Andrew Garnham, formerly deputy Company Secretary, was appointed as Group Company Secretary. The Board remains satisfied that it has a suitable balance between independence and knowledge of the business to allow it to discharge its duties and responsibilities effectively.

In line with prior years, the Board completed a self-evaluation exercise during 2024, reinforcing our commitment to, and success in, establishing a strong corporate governance framework. We took the opportunity of this review to confirm our strong and effective governance and reaffirmed the role of the Board and its individual members in monitoring compliance with the revised QCA code.

The Nominations Committee has reviewed the skills and experience of Board members individually and collectively. There were no major issues or concerns raised about the effectiveness of the Board or its individual members and concluded that the size and composition of the Board remain appropriate at this stage of the Group's development.

Sustainability

The Board continues to take a lead in social responsibility. Having introduced Task Force on Climate-related Financial Disclosures ("TCFD") aligned reporting last year, we have made further progress in 2024. In February, a new Board Sustainability sub-Committee was established, chaired by Hilary Wright, to further increase our focus on this area and we have included our inaugural Sustainability Committee Report in this year's report.

The Group has a broad international footprint with the majority of its revenue coming from outside the UK and Ireland and the Board welcomes the cultural diversity that this brings. The Midwich culture is an open and welcoming one and we have been recognised for this. The Board understands the importance of diversity of gender and ethnicity and is committed to ensuring that diversity and inclusion will be key considerations in the appointment of future directors and senior leaders.

The Group is committed to doing the right thing for the wider society; community engagement is embedded in our DNA. Our teams are passionate about making a difference and once again stepped up their time commitment for our nominated good causes. I'm delighted to report our Gift of AV programme, once again, raised a record amount for charity in the year.

This year we have continued to enhance our work on formalising our approach to environmental matters. Supported by a specialist third party, we have expanded our mandatory climate-related financial disclosures, incorporating the TCFD aligned reporting, to include broad Scope 3 data for the Group. This is in addition to reporting on our environment-related governance, risk management, scenario analysis, carbon reporting and net zero target setting.

The Group continues to apply the QCA code as its governance framework and has assessed compliance with the newly revised QCA code (November 2023). The Board welcomes the enhanced QCA code requirements and has chosen to adopt the vast majority of additional code requirements this year.

Both our executive and independent Directors continue also to welcome feedback from our shareholders and wider stakeholders. We engage with our largest shareholders through invitations to discuss matters with Committee Chairs and Directors, regular face-to-face meetings and inviting them to join us for office/showroom tours and at our AV trade shows.

People

The success of any company is down to the quality of its leadership and its people. In 2024, our teams demonstrated their resilience and faced up to challenging market conditions with commitment and determination. I believe that we have the best teams in the industry, and they have once again delivered exceptional service to vendors, customers and end users alike. Whilst some competitors have faltered as markets have become more challenging, our market share and customer satisfaction levels continue to demonstrate the core resilience of the Midwich business.

The Board has a strong belief in rewarding success and ensuring that engagement levels are high. Share ownership by our people is a core part of our engagement strategy and I believe that high participation in employee share ownership and incentive plans across the Group continues to incentivise exceptional business performance.

Our culture and values are at the heart of how we do everything in the Group, and we have continued to invest resources in maintaining the spirit of Midwich. This includes a step up in both our environmental and community engagement in the year. Our teams address every challenge with commitment and determination, and it is this positive approach that is the main driver of our market share gains and long-term growth.

The Board has regular interaction with the Executive Directors and senior leadership, together with the Managing Directors of our key operating units. The Board is confident that our senior teams are working well and show the strength and depth of the Group's leadership to support future growth.

On behalf of the Board, I would like to thank all employees and our partners for their commitment and hard work and congratulate them on achieving an impressive performance in a challenging year.

Andrew Herbert
Non-executive Chair

[1] Source: AVIXA.

Managing Director's Review

Robust performance in a challenging market.

Overview

In 2023, I reported that challenging macroeconomic factors had started to have an impact on the business, particularly with respect to demand for our more mainstream products. These challenging conditions continued throughout 2024 – the longest period of suppressed demand that I can recall. The impact of lower demand on our business has been exacerbated by certain manufacturers continuing to over-supply product into the market, which in turn has led to significant falls in average selling prices in categories such as large format and interactive displays.

For many years, our focus has been to increase our strength in higher-margin, more technical products such as audio, lighting and technical video. We have had considerable success with this strategy, and indeed aggregate revenue from these three categories increased by 8% in the year.

However, revenue from some of our mainstream product categories declined during the year, albeit by less than the decline in these markets overall. Displays and projection continue to be important product categories for the business, and the tough conditions in these markets still have an impact on the business.

Amid the difficult market conditions which continued throughout 2024, we delivered record revenue of £1.3bn. The impact of mix improvements pushed our gross margin from 17.5% to 17.8%. However, overheads increased by more than gross profit (driven mostly by acquisitions made in 2023 and 2024, investment in growth markets, inflation and higher interest charges), with the result that our adjusted operating profit declined by 17.4%^ and adjusted profit before tax fell by 21.6%^ to £38.3m.

The business has experienced and weathered occasional periods of significant demand reduction – such as in the financial crisis and COVID-19. I would liken 2024 to one of these periods.

With a tough market backdrop, the business has responded well by focusing on the needs of our customers and vendors. This has been a very challenging year for our team, and I congratulate everyone for their efforts and performance. The Group remains in a strong strategic and financial position, and we continue to maintain and take market share in our core regions, which is a testament to the work of our team.

Business performance

Group revenue increased by 1.7% to £1.3bn in 2024 (constant currency 3.5%), with gross margins reaching 17.8% (2023: 17.5%).

Both were records for the Group and reflect organic growth in the North American businesses with small organic declines in the rest of the world.

The increase in gross margin reflects the favourable product mix benefit from our strategic focus on value-added technical products, driven particularly by our acquisition programme in 2023 and, to a lesser extent, 2024. We take a measured approach to investment, investing in our teams and operational capabilities whilst targeting improvements in operating profit margins.

Despite undertaking a cost reduction programme in H2 2024, adjusted operating profit decreased by 17.4%^ to £48.6m, which represents an adjusted operating profit margin of 3.7%, down from 4.6% in the prior year. Disciplined working capital management contributed to strong operating cash generation, with operating cash at 97% of adjusted EBITDA ahead of our long-term average of c80%. This helped mitigate some of the headwinds from higher interest rates.

Adjusted profit before tax of £38.3m (2023: £50.0m) was 21.6%^ below 2023. We ended the year with leverage (adjusted net debt to adjusted EBITDA) of 2.0 times (2023: 1.1 times) which was in line with Board and market expectations. This, combined with our long-term bank facilities, provides capacity for the Group to continue to pursue both organic and inorganic opportunities.

Market share gains in end user markets

Third party data* for 2024 shows double digit declines in a number of the mainstream Pro AV product categories and an overall mid-single digit decline in the Pro AV distribution market. The Group's overall growth of 1.7%, with an organic decline of 1.4%, demonstrates further market share gains for Midwich in 2024. The Group adapted to the evolving market conditions, working closely with our customers and vendors to meet the changes in market demand. In broad terms, we categorise our products into mainstream and specialist technical categories.

Mainstream products cover displays and projectors. These categories comprised an aggregate of 31.3% of Group revenue in 2024 (2023: 34.9%). Specialist categories cover technologies which require greater pre and post-sales support and hence tend to carry higher margins. This group covers categories such as audio, technical video and broadcast and represented 64.2% of total sales compared with 61.2% in 2023.

A core part of the Group's long-term strategic focus is to become more specialist. Displays and projection are at the core of the majority of Pro AV projects, and we are the leading distributor of high-end displays and projection in many of our businesses. Despite a challenging large format display market, which third party data* indicates declined at double digit rates in 2024, our display and projection business reduced by only 8.9% in the year, indicating a continued growth in market share in these categories. LED solutions, which continue to gain share from displays and projection in the larger format categories, continued to experience strong growth, up 8% in the year, and we believe we have established a strong market position in this category. These products require a higher level of expertise to distribute effectively, and hence tend to carry a higher overall gross margin than mainstream products.

Growing our technical product categories has been a particular focus of the business for many years, and in 2024 revenues increased by 5%. This was driven by increased demand from entertainment and live events and also the full year impact of acquisitions undertaken in 2023. There was strong growth in both professional audio and lighting, particularly in the UK&I and North America.

Investing in the future

The global Pro AV market is in excess of $300bn^^, of which our assessment of the Group's Target Addressable Market ("TAM") is c$45bn. Whilst I believe that we are the leading global specialist Pro AV distributor, our £1.3bn revenue in 2024 represents less than 1% of the global market and 3–4% of our TAM. The opportunity for the future remains enormous and we will continue to target growth both organically and through acquisition.

In the last two years we have undertaken significant M&A activity, completing eleven acquisitions. This was a significant step up from our post-IPO average of two to three deals per annum. We acquire businesses to enter new geographies or add to our product set and technical capabilities. The four transactions in 2024 brought us further technical expertise and sales presence on the west coast of the US, as well as additional lighting and security expertise and a cable assembly business in the UK.

Our values and culture

Midwich Group is our people, their skills, experience, relationships and attitude. We promote trust, honesty, hard work, integrity, humility and creativity and value everyone's ideas and contribution. Team engagement is of critical importance, and we saw improvements in our engagement survey in 2024. Our approach is to reward success, and we continue to adapt to the changing work environment. In the last twelve months, we have increased our global collaboration, stepped up employee benefits and increased our engagement with our nominated charities, our communities and our environment.

Outlook

The Group has a proven capability to grow ahead of its markets both organically and through acquisition. Whilst the challenging market conditions seen in 2024 have continued into 2025, and we do not expect a near-term improvement in market growth, I believe the Group is well positioned to take advantage of an upturn in demand.

Rather than just waiting for market conditions to improve, the team has sought to improve the business through a combination of new technology and vendor launches, and improving productivity.

We have further enhanced the strength of our relationships with customers and vendors alike over the last twelve months. However, our team is not complacent; we recognise that we operate in a competitive market where both vendors and customers have a choice of which partners to work with. Of our top 40 vendors in 2024, we were either exclusive or the number one distributor for the vast majority. Our focus is to ensure that we provide the best service possible and continue to develop our offering.

Having made eleven acquisitions in a short space of time, we took a decision to not pursue other transactions in the short term. We do, however, continue to engage with potential acquisitions and have an extensive opportunity pipeline and several interesting conversations in early stages.

In the short term, continued price deflation in mainstream product areas is expected to cause challenges to the growth of the business. In the meantime, the Group continues to develop new revenue sources, and ensure we operate as efficiently as possible.

With the global AV market expected to continue growing over the medium to long term, our Group is very well positioned for the future.

Stephen Fenby
Group Managing Director

^ Constant currency.
* Futuresource Consulting.
^^ Source: AVIXA.

Financial review

A resilient performance underpinned by strong operating cash generation.

Against a challenging market backdrop the Group achieved record revenue and gross margins in 2024. Group revenue increased to £1.32bn (2023: £1.30bn). Macroeconomic headwinds continued to impact demand for our mainstream products, but the Group's focus on technical product categories, which represent 64% of the Group's revenues, resulted in a record gross margin of 17.8% (2023: 17.5%).

Statutory operating profit was £24.1m (2023: £41.6m). Adjusted operating profit of £48.3m (2023: £59.6m) reflected the impact of price discounting of mainstream products due to excess product supply.

Distribution and administrative overheads increased as anticipated during the year, primarily due to the acquisitions completed in the last two years, labour cost inflation, which eased during the year, and further investment in the Middle East.

Given the continuing tough market conditions, the Group took actions to reduce costs during the year including both lower discretionary expenditure and targeted restructuring activity. This resulted in lower overheads in the second half of the year and positions the Group well for the year ahead. Exceptional cost in the year included restructuring costs, the disposal of the Group's ERP prototype, following "go live" of the base system and the impact of a fire in the UAE. The damage from the fire is insured and expected to be recovered in full in 2025.

Statutory financial highlights

	Year to 31 December 2024 £m	Year to 31 December 2023 (Restated[2]) £m	Total growth %
Revenue	**1,317.0**	1,295.1	1.7%
Gross profit	**234.3**	226.1	3.6%
Operating profit	**24.1**	41.6	(42.0%)
Profit before tax	**22.3**	36.5	(39.0%)
Profit after tax	**17.0**	28.9	(41.4%)
Basic EPS – pence	**15.69p**	27.98p	(43.9%)

Adjusted financial highlights[1]

	Year to 31 December 2024 £m	Year to 31 December 2023 (Restated[2]) £m	Total growth %	Growth at constant currency %
Revenue	**1,317.0**	£1,295.1	1.7%	3.5%
Gross profit	**234.3**	226.1	3.6%	5.5%
Gross profit margin %	**17.8%**	17.5%		
Adjusted operating profit	**48.3**	59.6	(19.0%)	(17.4%)
Adjusted operating profit margin %	**3.7%**	4.6%		
Adjusted profit before tax	**38.3**	50.0	(23.5%)	(21.6%)
Adjusted profit after tax	**28.2**	38.5	(26.6%)	
Adjusted EPS – pence	**26.24p**	37.46p	(30.0%)	

1 Definitions of the alternative performance measures are set out in note 1 to the consolidated financial statements.

Strong operating cash generation underpinned the resilient trading performance, with adjusted cash flow conversion at 97% (2023: 114%). Adjusted net debt increased to £130.6m at 31 December 2024 (2023: £82.6m) due to further expenditure on acquisitions and deferred consideration.

Currency headwinds reduced both Group revenue and adjusted operating profit in the year by 1.8% and 1.6% respectively. The currency movements in the prior year had a negligible impact on these metrics.

Organic revenue declined by 1.4% (2023: +0.8%) as a result of weaker mainstream product demand which was partially offset by growth in technical product sales.

Adjusted EPS at 26.24p in 2024 (2023: 37.46p) was impacted by both the change in adjusted operating profit and the equity issue in June 2023.

The Group's operating segments are the UK and Ireland, EMEA, Asia Pacific and North America. The Group is supported by a central team.

Regional highlights

	Year to 31 December 2024 £m	Year to 31 December 2023 (Restated[2]) £m	Total growth %	Growth at constant currency %	Organic growth %
Revenue					
UK & Ireland	**476.4**	478.3	(0.4%)	(0.3%)	(3.1%)
EMEA	**569.9**	588.1	(3.1%)	(0.6%)	(2.7%)
Asia Pacific	**45.9**	48.0	(4.3%)	(1.3%)	(1.3%)
North America	**224.8**	180.7	24.4%	28.1%	7.0%
Total global	**1,317.0**	1,295.1	1.7%	3.5%	(1.4%)
Gross profit margin					
UK & Ireland	**18.0%**	18.7%	(0.7)ppts		
EMEA	**16.8%**	16.1%	0.7ppts		
Asia Pacific	**16.4%**	17.4%	(1.0)ppts		
North America	**20.1%**	18.6%	1.5ppts		
Total global	**17.8%**	17.5%	0.3ppts		
Adjusted operating profit[1]					
UK & Ireland	**19.7**	27.1	(27.2%)	(27.0%)	
EMEA	**24.8**	28.1	(11.8%)	(9.6%)	
Asia Pacific	**(0.8)**	(0.3)	(237%)	(249%)	
North America	**9.3**	9.5	(1.0%)	1.8%	
Group costs	**(4.7)**	(4.8)			

Total global	**48.3**	59.6	(19.0%)	(17.4%)
Share of profit from associate	**0.1**	-		
Adjusted net finance costs	**(10.1)**	(9.6)	(4.8%)	(4.2%)
Adjusted profit before tax[1]	**38.3**	50.0	(23.5%)	(21.6%)

1 Definitions of the alternative performance measures are set out in note 1 to the consolidated financial statements.
2 Restated, see note 17 for further details

The financial performance of each segment (at constant currency growth rates) during the year was:

North America
This segment, which includes the United States and Canada (acquired in June 2023) grew by 28.1% (2023: 45.5%) with organic growth of 7.0% (2023: 8.1%). After an exceptional first half, growth slowed towards the end of the year reflecting the impact of expected vendor changes in Canada. Higher-margin acquisition mix impact and projects led to an exceptional gross margin of 20.1% (2023: 18.6%). Adjusted operating profit was broadly in line with the prior year reflecting the impact of integration costs for The Farm and investment at SFM.

UK & Ireland
UK&I market demand continued to be subdued in the period with revenue largely flat year on year. Technical product categories remained strong whilst demand for mainstream products was impacted by an unusual level of discounting attributable to product over-supply. Gross margin held up well at 18.0% (2023: 18.7%). Both acquisitions and inflation impacted overheads and, despite cost reduction activity during the year, adjusted operating profit reduced to £19.7m (2023: £27.1m).

EMEA
The EMEA segment revenue was marginally down on the prior year. There was strong growth in Southern Europe and the Middle East due to demand for live events and entertainment solutions. This was offset by softer demand in Northern Europe by corporate and education customers. The stronger, higher-margin, technical sales improved gross margin to 16.8% (2023: 16.1%). The region produced an adjusted operating profit of £24.8m (2023: £28.1m).

Asia Pacific
The Asia Pacific segment, which is mainly Australia, continues to see a high level of competition in a subdued market. Revenue reduced by 1.3% to £45.9m (2023: -7.3% to £48.0m), generating gross profit of £7.5m (2023: £8.3m) at a gross profit margin of 16.4% (2023: 17.4%).

Adjusted operating losses were £0.8m (2023: £0.3m profit). The Board believes that the actions underway in APAC will see the region return to profitability in time.

Group costs
Group costs for the year were £4.7m (2023: £4.8m). Group costs include central support for sales, finance, compliance, human resources, information technology and executive management.

Exceptional costs and adjusting items
Adjusted operating profit is stated before £12.0m of exceptional items comprising:

- Restructuring costs of £7.7m (2023: £nil), of which £3m related to Group-wide cost reduction activities undertaken during the year, which are expected to lead to savings of approximately £5m annually from 2025 onwards. There was an additional one-off charge of £4.7m related to the disposal of the Group's ERP prototype system (see note 3 for more details);
- A £4.3m loss of assets following a warehouse fire in Dubai in December 2024. This amount is insured and expected to be recovered in full in 2025.

Other adjusting items were:

- Acquisition-related expenses, which reduced to £1.1m (2023: £1.5m) due to fewer acquisitions (four) in the year (2023: seven);

- A credit of £1.3m (2023: £5.3m charge) in respect of share-based payments and associated taxes which arose as a result of a reduced likelihood of certain long-term incentive scheme targets being achieved; and
- Amortisation of acquired intangibles of £12.4m (2023: £11.2m).

Profit before tax

The Group reported a profit before taxation of £22.3m (2023: £36.5m). Profit before tax is stated after the net interest costs on borrowings for historical acquisition investments and working capital of £10.5m (2023: £9.6m). Finance costs increased during the year mainly because of the increase in net debt during the period.

Profit before tax was impacted by a total gain of £7.4m (2023: £4.5m) in relation to the change in valuation of both deferred consideration and put and call options, and the revaluation of loans and financial instruments. In 2024, there was also a one-off gain of £1.2m arising when the Group purchased the remaining 70% of an associate undertaking which resulted in a one-off gain on the initial investment (note 4).

Adjusted profit before tax of £38.3m (2023: £50.0m) decreased by 21.6% (constant currency) (2023: +11.1%). A reconciliation of the adjustments to statutory measures is set out on note 16.

Tax

The adjusted effective tax rate was 26.3% in 2024 (2023: 23.1%), which reflects the mix of tax rates in the geographies where the Group operates.

Earnings per share

Basic earnings per share is calculated on the total profit of the Group attributable to shareholders. Basic EPS for the year was 15.69p (2023: 27.98p). Adjusted EPS decreased by 30% (2023: +4%) to 26.24p (2023: 37.46p). The EPS growth metrics were impacted by the equity issued in 2023.

	Year to 31 December 2024 £m	Year to 31 December 2023 £m
Adjusted operating profit	**48.3**	59.6
Add back depreciation and unadjusted amortisation	**10.9**	9.9
Adjusted EBITDA	**59.2**	69.5
(Increase)/Decrease in stocks	**(8.1)**	10.5
Decrease in debtors	**13.8**	9.6
(Decrease) in creditors[1]	**(7.3)**	(10.0)
Adjusted cash flow from operations	**57.6**	79.6
Adjusted cash flow conversion	**97%**	114%

1 Excluding the movements on cash settled share based payments and employer taxes on share based payments.

The Group's adjusted cash flow conversion, calculated comparing adjusted cash flow from operations with adjusted EBITDA, was 97% (2023: 114%). Strong working capital management, together with 3.5% (constant currency) revenue growth in 2024, resulted in cash conversion ahead of the long-term average for the Group. Our expectation of long-term adjusted cash flow conversion remains between 70% and 80%.

Gross capital spend on tangible assets was £5.4m (2023: £5.6m) and included investment in facilities together with rental asset purchases in the UK and Ireland. An investment of £9.5m (2023: £10.4m) in intangible fixed assets included £9.3m (2023: £10.1m) in relation to the Group's new ERP solution which went live in its first country in the year.

Dividend

The Board has recommended a final dividend of 7.5p per share, which, together with the interim dividend of 5.5p per share, gives a total dividend for 2024 of 13.0p per share (2023: 16.5p). If approved by shareholders at the

AGM, the final dividend will be paid on 4 July 2025 to shareholders on the register on 23 May 2025. The last day to elect for dividend reinvestment ("DRIP") is 13 June 2025.

Net debt

Net debt at 31 December 2024 increased to £153.4m from £106.2m at 31 December 2023. The Group's reported net debt continues to be impacted by the adoption of IFRS 16, which results in £22.8m of lease liabilities (2023: £23.6m) being added to net debt. As noted in the prior year, the Group's focus is net debt excluding leases ("adjusted net debt"). The impact of leases on net debt is excluded from the Group's main banking covenants.

Adjusted net debt at 31 December 2024 was £130.6m (2023: £82.6m). This increase can be largely attributed to payments totalling £38.2m (2023: £52.0m) for acquisition and deferred consideration payments in the year.

The Group utilises a £175m revolving credit facility which matures in mid-2028. This facility is supported by six banks and has an adjusted net debt to adjusted EBITDA covenant of 3x and an adjusted interest cover covenant ratio of 4x adjusted EBITDA. The EBITDA for covenants is calculated on a historical twelvemonth basis and includes the full benefit of the prior year's earnings from any business acquired.

Most of the Group's other borrowing facilities are to provide working capital financing. Whilst the use of such facilities is typically linked to trading activity in the borrowing company, these facilities provide liquidity, flexibility and headroom to support the Group's organic growth. As at 31 December 2024, the Group has access to total facilities of over £300m (2023: over £300m).

Goodwill and intangible assets

The Group's goodwill and intangible assets of £184.0m (2023: £168.2m) mainly arise from the various acquisitions undertaken. Each year, the Board reviews goodwill for impairment and, as at 31 December 2024, the Board believes there are no material impairments. The intangible assets arising from business combinations, for exclusive supplier contracts, customer relationships and brands, are amortised over an appropriate period.

Working capital

Working capital management is a core part of the Group's performance. Growth in working capital in the year was aligned with the overall growth in Group revenue. As at 31 December 2024, the Group had working capital (trade and other receivables plus inventories less trade and other payables) of £155.8m (2023: £154.6m). This represented 11.8% of current year revenue (2023: 11.9%).

The Group uses a range of different techniques to write down inventory to the lower of cost and net realisable value, including a formulaic methodology based on the age of inventory. The aged inventory methodology writes down inventory by a specific percentage based on time elapsed from the purchase date. There was no change in this methodology in the year. As at 31 December 2024, the Group's inventory provision was £16.2m (8.5% of cost) (2023: £18.5m, 10.0% of cost).

Statutory measures

The Group reports alternative performance measures, which are defined in note 1 to the consolidated financial statements. These measures reflect the key metrics used in the day-to-day management of the Group.

The alternative profit-related performance measures exclude acquisition-related costs, impairments, certain share based payments and a number of non-cash-related finance charges related to the revaluation of financial instruments. Users should exercise caution in relying on alternative performance measures which should be seen as supplementary information in addition to the statutory disclosures.

Adjusted return on capital employed

Adjusted return on capital employed is an alternative performance measure (see note 1 to the consolidated financial statements for the definition).

The Directors believe that this is an important measure of the investment returns of the Group.

Calculation	Reference to the financial statements	**2024 £'000**	2023 £'000
Total equity	Group balance sheet	**189,154**	196,144
Total net debt	Group balance sheet	**153,429**	106,191
Accumulated amortisation of acquired intangibles	Intangible assets note	**64,495**	52,969
Right of use leased assets	Group balance sheet	**(19,038)**	(21,051)
Acquisition-related liabilities	Group balance sheet	**17,275**	38,080
Closing capital employed		**405,315**	372,333
Average capital employed		**388,824**	340,169
Adjusted operating profit		**48,299**	59,593
Adjusted return on capital employed		**12.4%**	17.5%

Average capital employed increased in the year, largely as a result of the full year impact of prior year acquisitions combined with four further acquisition completed in 2024.

Average return on capital was impacted by challenging market conditions in 2024, which reduced adjusted operating profit performance.

Adjustments to reported results

	2024 £'000	2023 £'000
Operating profit	**24,133**	41,583
Acquisition costs	**1,124**	1,489
Exceptional costs (note 3)	**11,962**	-
Share based payments	**(888)**	4,738
Employer taxes on share based payments	**(419)**	603
Amortisation of brands, customer and supplier relationships	**12,387**	11,180
Adjusted operating profit	**48,299**	59,593
Profit before tax	**22,311**	36,547
Acquisition costs	**1,124**	1,489
Exceptional costs (note 3)	**11,962**	-
Share based payments	**(888)**	4,738
Employer taxes on share based payments	**(419)**	603
Amortisation of brands, customer and supplier relationships	**12,387**	11,180
Derivative fair value movements and foreign exchange gains and losses on borrowings for acquisitions	**(1,208)**	659
Gains and losses on deferred and contingent consideration	**(6,645)**	(4,150)
Gains and losses on put option liabilities	**834**	(1,063)
Gain on remeasurement of previously held equity interest	**(1,205)**	-
Adjusted profit before tax	**38,253**	50,003
Net finance costs	**(10,527)**	(9,554)
Foreign exchange derivative gains/(losses)	**396**	(60)
Investment derivative gains	**1**	-
Adjusted net finance costs	**(10,130)**	(9,614)
Adjusted operating profit	**48,299**	59,593
Share of profit from associate	**84**	24
Adjusted net finance costs	**(10,130)**	(9,614)
Adjusted profit before tax	**38,253**	50,003
Profit after tax	**16,962**	28,926
Total adjusted profit before tax adjustments (above)	**15,942**	13,456
Tax impact of adjustments	**(4,696)**	(3,930)
Adjusted profit after tax	**28,208**	38,452
Profit after tax	**16,962**	28,926
Non-controlling interest	**(932)**	(2,109)
Profit after tax attributable to owners of the Parent Company	**16,030**	26,817
Adjusted profit after tax	**28,208**	38,452
Non-controlling interest	**(932)**	(2,109)
Adjustments to profit after tax due to NCI	**(470)**	(439)
Adjusted profit after tax attributable to owners of the Parent Company	**26,806**	35,904
Number of shares for EPS	**102,164,466**	95,852,306
Reported EPS – pence	**15.69**	27.98
Adjusted EPS – pence	**26.24**	37.46

The Directors present adjusted operating profit, adjusted profit before tax, and adjusted profit after tax as alternative performance measures in order to provide relevant information relating to the performance of the Group. Adjusted profits are a reflection of the underlying trading profit and are important measures used by Directors for assessing Group performance. The definitions of the alternative performance measures are set out on note 1 to the consolidated financial statements.

Consolidated statement of comprehensive income for the year ended 31 December 2024

	Notes	2024 £'000	2023 £'000 (Restated)[1]
Revenue		1,317,013	1,295,079
Cost of sales		(1,082,683)	(1,068,940)
Gross profit		234,330	226,139
Selling and distribution costs		(155,690)	(140,543)
Administrative expenses		(63,007)	(51,029)
Other operating income		8,500	7,016
Operating profit		24,133	41,583
Comprising			
Adjusted operating profit		48,299	59,593
Acquisition costs	13	(1,124)	(1,489)
Exceptional items	3	(11,962)	-
Share based payments	11	888	(4,738)
Employer taxes on share based payments	11	419	(603)
Amortisation of brands, customer relationships, and supplier relationships		(12,387)	(11,180)
		24,133	41,583
Share of profit after tax from associate		84	24
Other gains and losses	4	8,621	4,494
Finance income		812	293
Finance costs	5	(11,339)	(9,847)
Profit before taxation		22,311	36,547
Taxation		(5,349)	(7,621)
Profit after taxation		16,962	28,926
Profit for the financial year attributable to:			
The Company's equity shareholders		16,030	26,817
Non-controlling interest		932	2,109
		16,962	28,926
Basic earnings per share	6	15.69p	27.98p
Diluted earnings per share	6	15.18p	27.06p

[1] Comparative information has been restated as detailed in note 17.

	2024	2023
	£'000	£'000
Profit for the financial year	16,962	28,926
Other comprehensive income		
Items that will not be reclassified subsequently to profit or loss:		
Actuarial losses on retirement benefit obligations	(286)	(172)
Items that may be reclassified subsequently to profit or loss:		
Foreign exchange losses on consolidation	(5,483)	(5,432)
Other comprehensive income for the financial year, net of tax	(5,769)	(5,604)
Total comprehensive income for the year	11,193	23,322
Attributable to:		
Owners of the Parent Company	10,696	21,681
Non-controlling interests	497	1,641
	11,193	23,322

Consolidated statement of financial position as at 31 December 2024

	Notes	2024	2023
Assets		£'000	£'000
Non-current assets			(Restated)[1]
Investments		393	299
Goodwill		60,418	51,216
Intangible assets		123,547	117,009
Right of use assets		19,038	21,051
Property, plant and equipment		19,709	16,640
Derivative financial instruments		1,608	2,031
Deferred tax assets		151	617
		224,864	208,863
Current assets			
Inventories		174,448	165,588
Derivative financial instruments		572	53
Current tax asset		4,057	-
Trade and other receivables		197,562	209,140
Cash and cash equivalents		49,160	56,135
		425,799	430,916
Current liabilities			
Trade and other payables		(213,567)	(216,229)
Derivative financial instruments		-	(26)
Put option liabilities over non-controlling interests		(11,682)	(21,958)
Deferred and contingent considerations		(3,835)	(11,694)
Borrowings and financial liabilities	7	(45,048)	(49,146)
Current tax liabilities		(1,339)	(179)
		(275,471)	(299,232)
Net current assets		150,328	131,684
Total assets less current liabilities		375,192	340,547
Non-current liabilities			
Trade and other payables		(2,645)	(3,915)
Put option liabilities over non-controlling interests		-	(743)

	Note		
Deferred and contingent considerations		(1,758)	(3,685)
Borrowings and financial liabilities	7	(157,541)	(113,180)
Deferred tax liabilities		(20,574)	(18,920)
Retirement benefit obligation		(2,005)	(1,562)
Provisions		(1,515)	(2,398)
		(186,038)	(144,403)
Net assets		189,154	196,144
Equity			
Share capital	9	1,042	1,033
Share premium		116,959	116,959
Share based payment reserve		5,489	10,843
Investment in own shares		(616)	(616)
Retained earnings		69,739	63,093
Translation reserve		(4,656)	392
Put option reserve		(6,933)	(18,649)
Capital redemption reserve		50	50
Other reserve		150	150
Equity attributable to owners of the Parent Company		181,224	173,255
Non-controlling interests		7,930	22,889
Total equity		189,154	196,144

The financial statements were approved by the Board of Directors and authorised for issue on 17 March 2025 and were signed on its behalf by:

Mr S B Fenby
Director

Company registration number: 08793266

[1] Comparative information has been restated as detailed in note 17.

Consolidated statement of changes in equity for the year ended 31 December 2024

	Share capital £'000 (note 9)	Share premium £'000	Investment in own shares £'000 (note 9)	Retained earnings £'000	Other reserves £'000 (note 10)	Equity attributable to owners of the Parent £'000	Non-controlling interests £'000	Total £'000
Balance at 1 January 2024	1,033	116,959	(616)	63,093	(7,214)	173,255	22,889	196,144
Profit for the year	-	-	-	16,030	-	16,030	932	16,962
Other comprehensive income	-	-	-	(286)	(5,048)	(5,334)	(435)	(5,769)
Total comprehensive income for the year	-	-	-	15,744	(5,048)	10,696	497	11,193
Shares issued (note 9)	9	-	(9)	-	-	-	-	-
Share based payments	-	-	-	-	(957)	(957)	-	(957)
Deferred tax on share based payments	-	-	-	-	(115)	(115)	-	(115)
Share options exercised	-	-	9	4,280	(4,282)	7	-	7
Acquisition of non-controlling interest (note 12)	-	-	-	3,740	11,716	15,456	(15,456)	-
Dividends paid (note 14)	-	-	-	(17,118)	-	(17,118)	-	(17,118)
Transactions with owners	9	-	-	(9,098)	6,362	(2,727)	(15,456)	(18,183)
Balance at 31 December 2024	1,042	116,959	(616)	69,739	(5,900)	181,224	7,930	189,154

For the year ended 31 December 2023

	Share capital £'000 (note 9)	Share premium £'000	Investment in own shares £'000 (note 9)	Retained earnings £'000	Other reserves £'000 (note 10)	Equity attributable to owners of the Parent £'000	Non-controlling interests £'000	Total £'000
Balance at 1 January 2023	889	67,047	(5)	46,023	6,782	120,736	13,398	134,134
Profit for the year	-	-	-	26,817	-	26,817	2,109	28,926
Other comprehensive income	-	-	-	(172)	(4,964)	(5,136)	(468)	(5,604)
Total comprehensive income for the year	-	-	-	26,645	(4,964)	21,681	1,641	23,322
Shares issued (note 9)	144	49,912	(23)	-	-	50,033	-	50,033
Shares purchases (note 9)	-	-	(600)	-	-	(600)	-	(600)
Share based payments	-	-	-	-	4,661	4,661	-	4,661
Deferred tax on share based payments	-	-	-	-	(434)	(434)	-	(434)
Share options exercised	-	-	12	5,407	(5,409)	10	-	10
Acquisition of subsidiaries (note 13)	-	-	-	-	(7,850)	(7,850)	7,850	-
Dividends paid (note 14)	-	-	-	(14,982)	-	(14,982)	-	(14,982)
Transactions with owners	144	49,912	(611)	(9,575)	(9,032)	30,838	7,850	38,688
Balance at 31 December 2023	1,033	116,959	(616)	63,093	(7,214)	173,255	22,889	196,144

Consolidated statement of cash flows for the year ended 31 December 2024

	Notes	2024 £'000	2023 £'000
Cash flows from operating activities			
Profit before tax		22,311	36,547
Depreciation		10,568	9,286
Amortisation		12,675	11,818
Loss on disposal of assets		4,637	763
Share based payments		(957)	4,661
Foreign exchange gains		(3,108)	(2,467)
Gain on remeasurement of previously held equity		(1,205)	-
Share of profit after tax from associate		(84)	(24)
Finance income		(812)	(293)
Finance costs and other gains and losses		3,923	5,353
Profit from operations before changes in working capital		47,948	65,644
(Increase)/decrease in inventories		(8,112)	10,524
Decrease in trade and other receivables		13,778	9,637
Decrease in trade and other payables		(7,566)	(9,429)
Cash inflow from operations		46,048	76,376
Income tax paid		(10,764)	(12,586)
Net cash inflow from operating activities		35,284	63,790
Cash flows from investing activities			
Acquisition of subsidiaries net of cash acquired	13	(12,937)	(42,359)
Deferred and contingent consideration paid		(12,993)	(9,300)
Investment in associate and other entities		(393)	(275)
Purchase of intangible assets		(9,487)	(10,364)
Purchase of plant and equipment		(5,414)	(5,605)
Proceeds on disposal of plant and equipment		401	198
Interest received		812	293
Net cash used in investing activities		(40,011)	(67,412)

Net cash flows from financing activities			
Proceeds on issue of shares	9	-	51,250
Costs associated with shares issued	9	-	(1,217)
Purchase of own shares	9	-	(600)
Proceeds on exercise of share options	11	7	10
Acquisition of non-controlling interest	12	(11,853)	(61)
Dividends paid	14	(17,118)	(14,982)
Invoice financing outflows		(4,671)	(3,009)
Proceeds from borrowings		49,333	39,228
Repayment of loans		(884)	(19,690)
Interest paid		(10,712)	(9,360)
Interest on leases		(779)	(651)
Capital element of lease payments		(4,628)	(5,235)
Net cash (outflow)/inflow from financing activities		(1,305)	35,683
Net (decrease)/increase in cash and cash equivalents		(6,032)	32,061
Cash and cash equivalents at beginning of financial year		52,053	20,938
Effects of exchange rate changes		(618)	(946)
Cash and cash equivalents at end of financial year		45,403	52,053
Comprising:			
Cash at bank		49,160	56,135
Bank overdrafts		(3,757)	(4,082)
		45,403	52,053

Notes to the consolidated financial statements

1. Accounting policies

General information and nature of operations
Midwich Group plc ("the Company") is a public limited company incorporated in England and Wales and listed on the London Stock Exchange's Alternative Investment Market (AIM). The principal activity of Midwich Group plc and its subsidiary companies ("the Group") is the distribution of Audio Visual Solutions to trade customers.

Basis of preparation
The consolidated financial statements of Midwich Group plc have been prepared in accordance with UK adopted International Accounting Standards ("IAS") and in conformity with the requirements of the Companies Act 2006.

The financial statements have been prepared under the historical cost convention as modified for financial instruments at fair value and in accordance with applicable accounting standards.

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.

Going concern
In considering the going concern basis for preparing the financial statements, the Board considers the Group's objectives and strategy, its principal risks and uncertainties in achieving its goals and objectives which are set out in the Strategic Report. The Board has undertaken a review of going concern under three scenarios: 1) our base plan, 2) a downside scenario and 3) a reverse stress test for the period to 31 December 2026. The sensitivity and reverse stress tests are based on a model that allows the Group to assess its liquidity, solvency and compliance with banking covenants based on inputs for future trading performance. Varying the inputs into the model allows the Group to assess the impact of potential adverse trading conditions. The sensitivity analysis is based on revenue being broadly flat on 2024. The RST model is based on a decrease in revenue of revenue of approx. £150m in comparison to 2024. Both scenarios also include the impact of changes in gross profit margin and other mitigations in respect of overheads and capital expenditure. The level of revenue deterioration is not considered plausible based on current trading performance and expected market growth.

The directors consider the working capital and finance facilities of the business to be adequate to fund its operations and growth strategy. The Group has a variety of finance facilities available to it including a revolving credit facility ("RCF") which expires in 2028 and secured invoice discounting facilities which require renewal in the forecast period.

The Group is subject to covenant testing on a biannual basis at its half year and full year reporting dates under the RCF agreement. The two RCF covenants are Group Leverage and Interest Cover and are specifically defined in the RCF agreement. The definition of the Group Leverage covenant is the adjusted net debt to adjusted EBITDA ratio included in the alternative performance measures. The definition of the Interest Cover covenant is the adjusted EBITDA to adjusted net finance costs ratio included in the alternative performance measures. The adjusted net debt in the Group Leverage covenant can be no higher than 3 times the adjusted EBITDA. The adjusted EBITDA in the Interest Cover covenant must be at least 4 times adjusted net finance costs. Under the base case scenario, neither of the Group Leverage or Interest Cover covenants are breached in 2025 or 2026.

The directors are confident that they will be able to renew the secured invoice discounting facilities given the secured nature of the facility and state of the business. Notwithstanding, this represents an uncertainty and further models (base plan and reverse stress test) have been prepared to assess going concern without the use of on demand facilities. The base case continues to demonstrate the Group's ability to continue as a going concern. The reverse stress test demonstrates that the Group can withstand severe adverse trading conditions and would breach covenants in 2026, which would provide sufficient time to implement the necessary actions to avoid this. In assessing the ability to withstand severe adverse trading conditions, the directors have also considered mitigating actions available to them.

There are no material uncertainties that cast significant doubt on the Group's ability to continue as a going concern and the Group continues to adopt the going concern basis in preparing consolidated financial statements. The Group's strategy remains unchanged, and we will continue to focus on profitable organic growth complemented by targeted acquisitions.

Revenue

Revenue arises from the sale of goods, provision of ancillary services, and the rental of products.

Revenue from the sale of goods is recognised on despatch when control of the products is transferred to the customer. All performance obligations are met when the customer obtains control to direct the goods within the sales channel and incurs the risk of obsolescence. This includes revenue recognised for bill and hold arrangements where the goods are despatched to a warehouse and held on behalf of the customer.

Ancillary services include support services, transport, installations, removals, warranties, and repairs. Where contracts for ancillary services include multiple performance obligations the transaction price is allocated to each separate performance obligation within the contact based on estimated cost-plus margin. Revenues from support services, transport, and warranties are recognised over time as the services are performed. Revenues from all other ancillary services including installations, removals, and repairs are recognised at a point in time upon delivery of the service.

Revenue from the rental of products via an operating lease is recognised on a straight-line basis over the lease term. Proceeds from the sale of rental assets are recognised as sales of goods. Revenue for the sale of rental assets is recognised at the point in time when the control is transferred, at which point the customer obtains the ability to direct the goods in the channel and incurs the risk of obsolescence.

The Group recognises revenue as a principal or agent depending on whether it controls the goods provided to the customer. The Group recognises revenue on a gross principal basis when it controls the goods. The Group recognises revenue on a net agent basis by offsetting the cost of goods it does not control within revenue. The Group assesses whether it controls the goods based on when it has the responsibility for the performance obligations of the goods, inventory risk, and discretion over pricing of the goods. Direct shipment sales are recognised on a principal basis as the Group has the responsibility for the performance obligations for the goods, discretion over pricing, and limited inventory risks while the goods are in transit. Sales of licences and software are recognised on a principal basis when the sale is related to the sales of hardware or acquired in advance for a customer under arrangements where the Group bears the responsibility for the acceptability of the software and whether it meets the customer's needs. Sales of licences and software are recognised on an agent basis when acquired as needed by the customer or under arrangements where the Group does not bear the responsibility for the acceptability of the software and whether it meets the customer's needs.

Exceptional items
Exceptional items are amounts that are disclosed separately to provide transparency and comparability to enable a better understanding of the Group's financial performance. Exceptional items include restructuring costs, loss on disposal of development costs, and a loss of inventory due to a fire. Further details of exceptional items are disclosed in note 3.

Other gains and losses
Other gains and losses include gains and losses on the Group's derivative financial instruments, borrowings for acquisitions, deferred and contingent considerations, put option liabilities, and equity interests. Gains and losses on the Group's derivative financial instruments arise from changes in the fair value of the instruments. Gains and losses on the Group's borrowings for acquisitions occur due to movements in foreign exchange rates. Gains and losses on the Group's deferred and contingent considerations include amortised interest, foreign exchange gains and losses, and changes in fair value of the instruments. Gains and losses on the Group's put option liabilities include amortised interest, foreign exchange gains and losses, and subsequent remeasurements to present value of the instruments. Gains and losses on equity interests arise on remeasurement of previously held equity interests when a controlling interest is acquired.

Goodwill
Goodwill represents the future economic benefits arising from business combinations which are not individually identified and separately recognised. Goodwill is carried at cost as established at the date of acquisition of the business less any accumulated impairment losses.

Intangible assets other than goodwill
Intangible assets acquired separately are measured at cost on initial recognition. The cost of intangible assets acquired in a business combination are initially measured at their fair value as at the date of acquisition. Intangible assets arising from development are recognised only when:

- the development is proven to be technically feasible,
- the Group will have the ability to use the asset,
- it is probable that the asset will generate future economic benefits,
- the Group has adequate resources to complete the development,
- the Group intends to complete development, and
- the Group can reliably measure expenditure on the attributable to the development.

The costs of research and development activities that do not meet the recognition criteria for an intangible asset arising from development are recognised in the income statement. Development activities that have advanced sufficiently and meet all the recognition criteria are capitalised as intangible assets arising from development and are initially measured at the directly attributable costs incurred that are necessary to develop the asset to be capable of operating in the manner intended by management. Directly attributable costs include borrowing costs.

Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Intangible assets arising from development begin being depreciated when the asset is available for use as intended by management. Subsequent expenditure on intangible assets arising from development is only recognised when it meets the initial recognition criteria, is directly attributable to the initial asset recognised, and increases future economic benefits that can be obtained from the asset.

The useful lives of all intangible assets other than goodwill are assessed as finite. Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in profit or loss in administrative expenses. Intangible assets arising from development that have not started to depreciate because they are not available for use as intended by management are tested for impairment annually.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss when the asset is derecognised.

Amortisation is calculated using a units of production or straight-line method to recognise the cost in a pattern that reflects the consumption of economic benefits over the estimated useful life of the assets as follows:

• Patents and licences	3-10 years
• Software	3-15 years
• Brands	3-15 years
• Customer relationships	5-15 years
• Supplier relationships	5-15 years

Impairment of non-financial assets including goodwill

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash generating units that are expected to benefit from the synergies of the combination. Each unit to which goodwill is allocated represents the lowest level within the Group that independent cash flows are monitored. A cash generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is indication that the unit may be impaired.

At each reporting date the Group reviews the carrying amounts of non-current assets excluding goodwill to determine whether there is any indication that they have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated to determine the extent of any impairment loss. Where the asset does not generate cash flows that are independent from other assets, the estimate is the recoverable amount of the cash generating unit to which the asset belongs. Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted. If the recoverable amount of an asset or cash generating unit is estimated to be less than the carrying amount, then the carrying amount of the asset or cash generating unit is reduced to the recoverable amount. The impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. An impairment loss is recognised as an expense immediately. An impairment loss recognised for goodwill is not reversed in subsequent periods. Where an impairment loss on other non-financial assets subsequently reverses, the carrying amount of the asset or cash generating unit is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset or cash generating unit in prior periods. A reversal of an impairment loss is recognised in the income statement immediately.

Inventory

Inventory is valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow-moving items. The cost of inventory comprises the purchase price including directly attributable supplier rebates and directly attributable costs incurred in bringing products to their present location and condition. Some goods are held on behalf of customers and are not included within the Group's inventory.

Financial liabilities

Financial liabilities include trade and other payables; deferred considerations; put option liabilities; borrowings; and derivative financial instruments with a negative market value.

The Group classifies financial liabilities into three categories:

- financial liabilities measured at amortised cost;
- financial liabilities measured at fair value through profit or loss; and
- contingent consideration recognised in a business combination.

Financial liabilities measured at amortised cost are initially measured at fair value minus directly attributable transaction costs and subsequently measured using the effective interest method. The effects of discounting within the effective interest method are omitted if immaterial. Where the contractual cash flows of the financial liability are renegotiated or otherwise modified the financial liability is recalculated at the present value of the modified contractual cash flows discounted at the financial liability's original effective interest rate.

Financial liabilities measured at fair value through profit or loss are initially and subsequently measured at fair value. Transaction costs directly attributable to the issue of the financial liability are recognised in the profit and loss.

Contingent consideration recognised in a business combination is initially and subsequently measured at fair value.

Financial liabilities are derecognised when they are extinguished, discharged, cancelled, or expire.

Cash flows in respect of deferred considerations, including contingent considerations, are reported as an investing cash flows because they are cash flows that arise from obtaining control of subsidiaries. Movements in the fair value of contingent consideration are classified as charges or credits to finance costs in the income statement.

Put option liabilities
Put options to acquire non-controlling interests of subsidiaries are initially recognised at present value and subsequently measured at amortised cost, being the present value of future payments discounted at the original effective interest rate. Where the contractual cash flows of the put option liability are renegotiated or otherwise modified the financial liability is recalculated at the present value of the modified contractual cash flows discounted at the financial liability's original effective interest rate. Further details of the measurement of put options are given in the accounting judgements and key sources of estimation uncertainty accounting policy.

New and amended International Accounting Standards adopted by the Group
The Group adopted the following standards, amendments to standards and interpretations, which are effective for the first time this year:

Amendments to IAS 1 Presentation of financial statements - clarification on the presentation of current and non current liabilities,
Amendments to IFRS 16 Leases - clarification in respect of the subsequent measurement of sale and leaseback transactions that satisfy the requirements in IFRS 15 to be accounted for as a sale,
Amendments to IAS 1 Presentation of financial statements - clarification over the classification of non current borrowings with covenants, and
Amendments to IAS 7 Statement of cash flows and IFRS 7 Financial instruments: disclosures - additional disclosure requirements in respect of supplier finance arrangements.

The new standards have not had a material impact on the reported net financial performance or net financial position of the Group.

International Accounting Standards in issue but not yet effective
The Group intends to adopt new and amended standards and interpretations, if applicable, when they become effective. The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's financial statements are not expected to have an impact on the Group's reported financial position or performance.

Use of alternative performance measures
The Group has defined certain measures used within the business for assessing and managing performance. These measures are not defined under IAS and they may not be directly comparable with other companies' adjusted measures. The Group discloses the adjustments to IAS measures to provide transparency over the costs that are excluded from the alternative performance measures. The alternative performance measures provide a materially different presentation of the Group's performance compared to IAS measures. The alternative performance measures are not a substitute for IAS measures and are presented with the adjustments to IAS measures to provide supplementary information for assessing performance in accordance with IAS measures.

- Constant currency: This adjusted measure applies the current year's exchange rates to the prior year's results to eliminate the impact of foreign exchange movements, which are outside of management's control.
- Growth at constant currency: This measure shows the year on year change in performance at constant currency.
- Organic growth: This is defined as growth at constant currency 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 operating profit before acquisition costs, exceptional items, share based payments and associated employer taxes, and amortisation of brand, customer and supplier relationship intangible assets and impairments.

- Adjusted EBITDA: This represents operating profit before acquisition costs, exceptional items, share based payments and associated employer taxes, depreciation, amortisation, and impairments.
- Adjusted net finance costs: This represents finance income, finance costs, gains and losses on foreign exchange derivatives, and gains and losses on investment derivatives.
- Adjusted profit before tax: This is adjusted operating profit plus share of profit after tax from associate less adjusted net finance costs.
- Adjusted taxation: This represents taxation less the tax impact of the adjusting items included within adjusted profit before tax.
- Adjusted profit after tax: This is adjusted profit before tax less adjusted taxation.
- Adjusted non-controlling interest share of profit after tax: This represents non-controlling interest less the impact of adjusting items included within adjusted profit after tax.
- Adjusted EPS: This is EPS calculated based on adjusted profit after tax minus adjusted non-controlling interest share of profit after tax instead of profit after tax minus non-controlling interest share of profit after tax.
- Adjusted net debt: This is net debt excluding lease liabilities. Net debt is borrowings less cash and cash equivalents.
- Adjusted return on capital employed: Adjusted operating profit divided by adjusted capital employed.
- Adjusted capital employed: Total equity, plus net debt, plus accumulated amortisation on acquired intangible assets, minus right of use assets, and minus acquisition liabilities. Acquisition liabilities comprise deferred and contingent considerations, and put option liabilities over non-controlling interests.
- Adjusted increase/(decrease) in trade and other payables: This is the increase/(decrease) in trade and other payables adjusted to exclude the movement on trade and other payables for cash settled share based payments and employer taxes on share based payments.
- Adjusted operating cash flow: This is the net cash inflow from operating activities calculated using adjusted increase/(decrease) in trade and other payables instead of increase/(decrease) in trade and other payables.
- Adjusted cash flow conversion: This is the percentage of adjusted operating cash flow to adjusted EBITDA.
- Adjusted net debt to adjusted EBITDA ratio: This is calculated as per the Group's RCF debt facility covenant and is described as the Group Leverage covenant. The calculation of Adjusted EBITDA for the covenant differs from the calculation of the Group's Adjusted EBITDA alternative performance measure as it includes the benefit of proforma annualised earnings for acquisitions completed in the last 12 months.
- Adjusted EBITDA to adjusted net finance costs ratio: This is calculated as per the Group's RCF agreement and is described as the Interest Cover covenant. The calculation of Adjusted EBITDA for the covenant differs from the calculation of the Group's Adjusted EBITDA alternative performance measure as it includes the benefit of proforma annualised earnings for acquisitions completed in the last 12 months.

A reconciliation of statutory measures to adjusted performance measures is provided in note 16.

Accounting judgements and sources of estimation uncertainty

The preparation of financial statements in accordance with the principles of the IASs requires the directors to make judgements and use estimation techniques to provide a fair presentation of the Group's financial position and performance. Accounting judgements represent the accounting decisions made by the directors that have the most significant effect on amounts recognised in the financial statements. Sources of estimation uncertainty represent the assumptions made by management that carry significant risks of a material adjustment to the value of assets and liabilities within the next financial year. Judgements and estimates are evaluated based on historical experience, continuing developments within the Group, and reasonable expectations of future events. Judgements and estimates are subject to regular review by the directors.

Significant accounting judgements made by the Group in preparing the financial statements

Put options over non-controlling interests

For all acquisitions of subsidiaries where the Group has acquired less than 100% of the legal form of ownership it has entered into put and call options over the remaining interest in the subsidiary. The options allow the Group to exercise a call option to acquire the remaining interest from the owners and for the owners to exercise a put option to sell the remaining interest to the Group on the symmetrical terms. Theoretically the option will be exercised irrespective of whether it has an intrinsic positive or negative value because logically either the Group will exercise the option if it has an intrinsic positive value, or the owners of the remaining interest will exercise the option if it has an intrinsic negative value.

The significant accounting judgement is whether to recognise the non-controlling interest and the put option liability or to derecognise the non-controlling interest and put option liability and recognise the future payment of the option as deferred or contingent consideration. The latter approach is based on the economic substance of the anticipated acquisition of the remaining interest. The Group could adopt this approach if it made a judgement that the Group had access to returns from the remaining interest.

The Group's judgement is that while it is almost certain that put and call options will exercise the former approach is more prudent. Therefore, the Group has always recognised the non-controlling interest and put option liability when it has acquired less than 100% of the legal form of ownership.

Where the Group has recognised put option liabilities over non-controlling interests it is required to make a judgement over the subsequent measurement of the instrument. The amounts payable for all the put option liabilities the Group has entered vary based on the performance of the underlying entities over which the put option liabilities have been granted. The judgement the Group must make is over whether any changes in performance of the underlying entity constitute a modification of the contractual cash flows of the instrument.

If the Group judges that changes in performance of the underlying entity that result in a variation of the amount payable for the put option constitute a modification of the contractual cash flows, then the Group is required to be remeasure the put option liability to present value with a corresponding gain or loss recognised in the income statement. If the Group judges that changes in performance do not constitute a modification of the contractual cash flows, then the put option would be held at amortised cost without a subsequent remeasurement. Where the Group's put option liabilities are held at amortised cost without subsequent remeasurement there would be a difference between the amortised cost and the final settlement. The difference between the amortised cost of the instrument and the settlement would be transacted in equity as per the acquisition of a non-controlling interest.

The Group has judged that changes in performance of the underlying entities that result in variations in the amount payable to settle the put option liabilities are modifications of the contractual cash flows and should result in the remeasurement of the put option liability to present value. The Group has made this judgement because the variable nature of the settlement of the options means they are always subject to potential negotiation. This accounting judgement significantly reduces the measurement inconsistency between the Group's put option liabilities and contingent considerations.

Capitalisation of development costs

The Group has exercised judgement over whether development of the Group's Enterprise Resource Planning system meets recognition criteria as an intangible asset arising from development. The judgement includes whether the development activities that have advanced sufficiently and meet all the recognition criteria. The recognition criteria are whether development is proven to be technically feasible, the Group will have the ability to use the asset, it is probable that the asset will generate future economic benefits, the Group has adequate resources to complete the development, the Group intends to complete development, and the Group can reliably measure expenditure on the attributable to the development.

Revenue vs agent revenue recognition

To determine the revenue recognition accounting policy, management of the Group has exercised judgement over whether it controls goods provided to customers for all the sources of revenue. These judgements determine whether revenue should be recognised on a gross principal or net agent basis. The Group assessed the indicators of control over goods. The indicators of control include whether it has responsibility for the performance obligation of the goods, inventory risk, and discretion over pricing of the goods. Where the Group determined that it has control over the goods provided it has set an accounting policy to recognise revenue on a gross principal basis. Where the Group determined that it does not have control over the goods provided it has set an accounting policy to recognise revenue on a net agent basis.

The Group incurs inventory risk for the sales of most goods. The Group incurs the price volatility risk due to changes in the price of the goods or transportation costs for the sale of most goods. The Group has responsibility for customer satisfaction over the performance obligations for the sales of most goods and services. Only in rare circumstances relating to the sales of some licences and software did the Group identify that it acts as an agent. The Group judged that it acted as an agent in respect of the sale of some licences and software when the licences were sold independently of the sales of hardware. The Group judged it acted as agent for licences and software sales when it obtained the licences and software as needed by the customer and was not responsible for the acceptability of the software and whether it meets the customer's needs.

Exceptional items
Exceptional items are amounts that are disclosed separately to provide transparency and comparability. The management of the Group has exercised judgement over which items to present as exceptional items.

Cash generating units
The Group is required to perform annual impairment tests for goodwill. To perform the impairment test for goodwill the Group is required to allocate goodwill to its cash generating units from the date of acquisition. The Group has exercised judgement in determining its cash generating units. Cash generating units are the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. The Group has judged that its smallest cash generating units are not smaller than its reportable segments.

Significant sources of estimation uncertainty facing the Group in preparing the financial statements

Inventory write down
The Group is required to write inventory down to the lower of cost and net realisable value. To determine the write down of inventory the Group estimates the future sales volumes, sales prices, costs to sell inventory, and shrinkage.

The Group uses a range of different techniques to write down inventory to the lower of cost and net realisable value including a formulaic methodology based on the age of inventory. The aged inventory methodology writes down inventory by a specific percentage based on time elapsed from purchase date and these specific percentages are based on historical data.

The uncertainty associated with estimating the write down of inventory is whether the realisable value on sale or disposal of inventory approximates the value of inventory after write downs have been applied. The ultimate sale or disposal of inventory results in a reversal of the write down against the cost of inventory disposed with a potential gain or loss depending upon the accuracy of the estimation.

If each write down percentage applied to inventory were increased by ten percentage points the total write down against inventory held at the reporting date would increase by £6,494k. This increase excludes inventory on which no write down has been applied and is subject to an increase up to a maximum write down of 100%.

If each write down percentage applied to inventory were decreased by ten percentage points the total write down against inventory held at the reporting date would decrease by £6,062k. This decrease is subject to a minimum write down of 0%.

Fair value of separately identifiable intangible assets in business combinations
The Group is required to calculate the fair value of identifiable assets and liabilities acquired in business combinations. To estimate the fair value of separately identifiable assets in business combinations certain assumptions must be made about future trading performance, royalty rates, customer attrition rates, and supplier contract renewal rates. The fair values of assets and liabilities acquired in business combinations are disclosed in note 13.

Contingent considerations and put option liabilities
The Group is required to record contingent considerations at fair value. The Group initially measures put option liabilities at present value and subsequently measures put option liabilities at amortised cost using the effective interest rate method. When there are modifications in the contractual cash flows during the year the put option liabilities are subsequently remeasured to present value.

The Group use a range of present valuation techniques including both the discount rate adjustment technique and the expected present value technique to determine the fair values of contingent considerations and the present values of put option liabilities. Subsequent measurements to fair value and remeasurement to present value can result in significant increases or decreases in the value of the liability.

Impairment assessments of goodwill and intangible fixed assets
The Group has goodwill of £60,418k (2023: £51,216k) and assets arising from development that are not available for use of £632k (2023: £20,507k) that are required to be tested for impairment annually. The Group's impairment assessments are based on present value techniques that calculate the recoverable amounts for assets being tested for impairment. The present value techniques used for impairment tests require management judgement and estimation over forecast profitability and cash flows of cash generating units, and selection appropriate discount rates.

The Group has used reasonable and prudent assumptions over forecast profitability and cash flows to calculate recoverable amount. Changes to the calculation of recoverable amount that reflect reasonable and possible alternative key assumptions would lead to an increase or decrease in the amount by which recoverable amount exceeds carrying amount or could result in an impairment.

Inherent within development projects is a degree of risk that the project will not be delivered on time, will not achieve the planned functionality, or will not deliver the planned benefits. In the event of such risks crystallising there is a risk that the carrying value of the asset could be impaired or could be nil.

2. Segmental reporting

Operating segments

For the purposes of segmental reporting, the Group's Chief Operating Decision Maker ("CODM") is the Managing Director. The Group is a distributor of audio visual solutions to trade customers. The Board reviews attributable revenue, expenses, assets and liabilities by geographic region and makes decisions about resources and assesses performance based on this information. Therefore, the Group's operating segments are geographic in nature.

2024	**UK & Ireland £'000**	**EMEA £'000**	**Asia Pacific £'000**	**North America £'000**	**Other £'000**	**Total £'000**
Revenue	476,370	569,912	45,925	224,806	-	1,317,013
Gross profit	**85,775**	**95,860**	**7,511**	**45,184**	**-**	**234,330**
Gross profit %	18.0%	16.8%	16.4%	20.1%	-	17.8%
Adjusted operating profit	**19,728**	**24,792**	**(826)**	**9,332**	**(4,727)**	**48,299**
Costs of acquisitions	-	-	-	-	(1,124)	(1,124)
Restructuring costs	(874)	(1,500)	(92)	(498)	(56)	(3,020)
Disposal of development costs	(4,651)	-	-	-	-	(4,651)
Loss of inventory due to fire	-	(4,291)	-	-	-	(4,291)
Share based payments	140	364	(7)	9	382	888
Employer taxes on share based payments	129	180	12	2	96	419
Amortisation of brands, customer and supplier relationships	(4,552)	(4,121)	(249)	(3,465)	-	(12,387)
Operating profit	**9,920**	**15,424**	**(1,162)**	**5,380**	**(5,429)**	**24,133**
Share of profit after tax from associate						84
Other gains and losses and interest						(1,906)
Profit before tax						**22,311**

2024	**UK & Ireland £'000**	**EMEA £'000**	**Asia Pacific £'000**	**North America £'000**	**Other £'000**	**Total £'000**
Segment assets	272,925	255,350	21,839	100,487	62	650,663
Segment liabilities	(216,188)	(166,086)	(20,621)	(58,461)	(153)	(461,509)

Segment net assets	**56,737**	**89,264**	**1,218**	**42,026**	**(91)**	**189,154**
Depreciation	4,544	3,683	870	1,471	-	10,568
Amortisation	4,640	4,161	258	3,616	-	12,675

Segment country information	**UK £'000**	**Germany £'000**	**USA £'000**	**Other £'000**	**Total £'000**
Non-current assets	96,381	25,685	27,127	75,671	224,864
Deferred tax assets	-	-	-	151	151
Non-current assets excluding deferred tax	96,381	25,685	27,127	75,520	224,713

2023 (Restated)[1]	**UK & Ireland £'000**	**EMEA £'000**	**Asia Pacific £'000**	**North America £'000**	**Other £'000**	**Total £'000**
Revenue	478,269	588,142	47,966	180,702	-	1,295,079
Gross profit	**89,246**	**94,894**	**8,348**	**33,651**	**-**	**226,139**
Gross profit %	18.7%	16.1%	17.4%	18.6%	-	17.5%
Adjusted operating profit	**27,110**	**28,122**	**(245)**	**9,425**	**(4,819)**	**59,593**
Costs of acquisitions	-	-	-	-	(1,489)	(1,489)
Share based payments	(1,905)	(1,389)	(274)	(102)	(1,068)	(4,738)
Employer taxes on share based payments	(180)	(258)	(13)	(9)	(143)	(603)
Amortisation of brands, customer and supplier relationships	(5,247)	(3,614)	(267)	(2,052)	-	(11,180)
Operating profit	**19,778**	**22,861**	**(799)**	**7,262**	**(7,519)**	**41,583**
Share of profit after tax from associate						24
Other gains and losses and interest						(5,060)
Profit before tax						**36,547**

2023 (Restated)[1]	**UK & Ireland £'000**	**EMEA £'000**	**Asia Pacific £'000**	**North America £'000**	**Other £'000**	**Total £'000**
Segment assets	251,191	276,219	22,471	89,838	60	639,779
Segment liabilities	(182,790)	(181,601)	(18,575)	(59,936)	(733)	(443,635)
Segment net assets	**68,401**	**94,618**	**3,896**	**29,902**	**(673)**	**196,144**
Depreciation	3,570	3,640	642	1,434	-	9,286
Amortisation	5,623	3,684	284	2,227	-	11,818

Segment country information	**UK £'000**	**Germany £'000**	**USA £'000**	**Other £'000**	**Total £'000**
Non-current assets	94,540	29,404	20,942	63,977	208,863
Deferred tax assets	-	310	135	172	617
Non-current assets excluding deferred tax	94,540	29,094	20,807	63,805	208,246

[1] Comparative information has been restated as detailed in note 17.

Other than those presented in the tables above, there were no other non-current assets excluding deferred tax in any country that amounted to more than 10%. Revenue from the UK, being the domicile of the Company, amounted to £455,935k (2023: £458,504k). Revenue from Germany amounted to £225,376k (2023: £236,731k) and revenue from the USA amounted to £152,987k (2023: £135,873k). There was no other revenue from a country that amounted to more than 10% of total revenue.

Segment revenues above are generated from external customers. The accounting policies of the reportable segments have been consistently applied. In addition to the external revenue reported by segment the UK & Ireland segment made £16,632k (2023: £22,103k) of intercompany sales. The EMEA segment made £40,788k (2023: £42,012k) of intercompany sales. The Asia Pacific segment made £640k (2023: £653k) of intercompany sales. The North America segment made £148k (2023: £3k) of intercompany sales.

Sales to the largest customer
Included in revenue is £29.0m (2023: £13.7m) that arose from sales to the Group's largest customer based in USA (2023: Germany). No single customer contributed 10% or more to the Group's revenue in any period presented.

3. Exceptional items

Operating profit is stated after charging:	2024 £'000	2023 £'000
Restructuring costs	3,020	-
Loss on disposal of development costs	4,651	-
Loss of inventory due to fire	4,291	-
	11,962	-

During the year the Group incurred exceptional items that included restructuring costs, loss on disposal of development costs, and the loss of inventory due to a fire. All exceptional items have all been recognised in administrative expenses.

The Group's restructuring costs were incurred for reorganising its operations in all geographies. Further analysis of the costs is available in note 2.

The loss on disposal of development costs occurred on the successful launch of the Group's ERP system. The costs represent the pilot prototype of the ERP system that was developed and deployed as part of the development of the main ERP platform. The Group did not depreciate these costs in prior years as the asset was not available for use as management intended. The costs were disposed when the main platform became available for use because of a reassessment of the technology that determined that the pilot prototype was obsolete as it was no longer compatible with the main platform as originally intended.

The loss of inventory due to fire occurred due to a warehouse fire in the UAE. There was no loss of life due to the fire and the Group has adequate insurance to recover the loss of inventory and any resulting disruption to trade. Further details are available in 15.

4. Other gains and losses

Analysis of the Group's other gains/(losses)

	2024 £'000	2023 £'000 (Restated)[1]
Foreign exchange derivative gains/(losses)	396	(60)
Investment derivative gains	1	-
Borrowings derivative losses	(423)	(1,219)
Foreign exchange gains on borrowings for acquisitions	1,631	560
Gains on deferred and contingent considerations	7,499	4,976
Losses on deferred and contingent considerations	(854)	(826)
Gains on put option liabilities	865	1,472
Losses on put option liabilities	(1,699)	(409)
Gain on remeasurement of previously held equity interest	1,205	-

	8,621	4,494

1 Comparative information has been restated as detailed in note 17.

Included within other gains and losses are amounts that are presented on a net basis to reflect the substance of a group of similar transactions. However, gains and losses have been presented separately if they are material. Gains and losses on deferred and contingent consideration include amortised interest, foreign exchange gains and losses, and changes in fair value. Gains and losses on put option liabilities include amortised interest, foreign exchange gains and losses, and changes due to subsequent remeasurement to present value.

5. Finance costs

	2024 £'000	2023 £'000 (Restated)[1]
Interest on overdraft and invoice discounting	2,780	3,894
Interest on leases	779	651
Interest on loans	7,698	5,214
Other interest costs	82	88
	11,339	9,847

1 Comparative information has been restated as detailed in note 17.

Interest costs of £1,547k (2023: nil) have been capitalised as part of the intangible asset arising from development using an interest rate of 1.6% plus the Bank of England base rate.

6. 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.

Profit attributable to equity holders of the Group (£'000)	16,030	26,817
Weighted average number of shares in outstanding	102,164,466	95,852,306
Potentially dilutive effect of the Group's share option schemes	3,436,080	3,233,327
Weighted average number of diluted Ordinary Shares	105,600,546	99,085,633
Basic earnings per share	15.69p	27.98p
Diluted earnings per share	15.18p	27.06p

7. Borrowings

	2024 £'000	2023 £'000
Secured borrowings		
- Bank overdrafts and invoice discounting	36,850	42,518
- Bank loans	142,903	96,198
- Leases	22,836	23,610
	202,589	162,326
Current	45,048	49,146
Non-current	157,541	113,180
	202,589	162,326

Summary of borrowing arrangements:
The Group has overdraft borrowings which comprised £3,757k at the end of 2024 (2023: £4,082k). The facilities are uncommitted and secured with fixed and floating charges over the assets of the Group.

At the reporting date the Group had drawn down £33,093k (2023: £38,436k) on invoice discounting and short-term borrowing facilities. The total amount drawn down on invoice discounting facilities was £26,943k (2023: £33,571k). The short-term borrowing facilities are secured with floating charges over the assets of the Group. The invoice discounting facilities comprise fully revolving receivables financing agreements which are secured on the underlying receivables. The facilities have no fixed repayment dates and receivables are automatically offset against the outstanding amounts of the facility on settlement of the receivable. The invoice discounting and short-term borrowing facilities are subject to interest at variable rates of between 2 - 10% (2023: 2 - 10%) which are calculated using the respective base rate of the country in which the facility is located and a margin that has been agreed with the respective lender. The invoice discounting and short-term borrowing facilities are repayable on demand.

At the reporting date the Group had drawn down £142,903k (2023: £96,198k) of its long-term loan facilities. The loans are secured with fixed and floating charges over the assets of the Group. The Group is subject to covenants under its Revolving Credit Facility and if the Group defaults under these covenants, it may not be able to meet its payment obligations. The two RCF covenants are Group Leverage and Interest Cover and are specifically defined in the RCF agreement which are test biannually. The definition of the Group Leverage covenant is the adjusted net debt to adjusted EBITDA ratio included in the alternative performance measures. The definition of the Interest Cover covenant is the adjusted EBITDA to adjusted net finance costs ratio included in the alternative performance measures. The adjusted net debt in the Group Leverage covenant can be no higher than 3 times the adjusted EBITDA. The adjusted EBITDA in the Interest Cover covenant must be at least 4 times adjusted net finance costs. As at 31 December 2024, Group Leverage was 2.0x and Interest Cover was 6.6x. Under the base case scenario calculated for the Group's assessment of going concern (see note 1), neither of the Group Leverage or Interest Cover covenants are breached in 2025 or 2026.

The Revolving Credit Facility expires in June 2028 and is subject to interest at variable rates. The applicable interest rate is based on SONIA, SOFR, EURIBOR, BBSW and CORRA for Sterling, US Dollar, Euro, Australian Dollar, and Canadian Dollar borrowings, and an additional margin which has been respectively agreed with the lenders.

The Group has lease liabilities of £22,836k at the end of 2024 (2023: £23,610k). Lease obligations included within acquisitions completed during the year totalled £2,184k (2023: £1,927k).

Borrowings

	2024 £'000	2023 £'000
Borrowings due within 1 year	38,896	44,534
Borrowings due after 1 year	140,857	94,182
Leases	22,836	23,610
	202,589	162,326

Reconciliation of liabilities arising from financing activities

	2024 £'000	2023 £'000
At 1 January	162,326	145,279
Cash flows:		
Invoice financing inflows/(outflows)	(4,671)	(3,009)
Proceeds from borrowings	49,333	39,228
Repayment of loans and overdrafts	(1,209)	(20,525)
Capital element of leases	(4,628)	(5,235)
Non-cash:		
Acquisitions	2,188	4,459
New liabilities arising on leases	2,227	4,939
Disposals on modification or termination of leases	(14)	(955)
Foreign exchange gain	(2,963)	(1,855)
At 31 December	202,589	162,326

8. Financial instrument risk exposure and management

The Group's operations expose it to degrees of financial risk that include liquidity risk, credit risk, interest rate risk, and foreign currency risk.

This note describes the Group's objectives, policies and process for managing those risks and the methods used to measure them.

Credit risk
The Group's credit risk is primarily attributable to its cash balances and trade receivables. The Group does not have a significant concentration of risk, with exposure diversified over a substantial number of third parties. The risk is further mitigated by insurance of the trade receivables. Some specifically identified receivables have been provided for at 100%.

The credit risk on liquid funds is limited because the third parties are large international banks with a credit rating of at least A. The Group's total credit risk amounts to the total of the sum of the trade and other receivables and cash and cash equivalents. At 31 December 2024 total credit risk amounted to £230,461k (2023: £246,539k).

Interest rate risk
The interest on the Group's overdrafts, invoice discounting facilities and Revolving Credit Facility borrowings are variable. The Group has interest rate swap contracts in respect of the Group's variable interest rates to achieve a fixed rate of interest. Rising interest rates present an increased cash flow risk associated with the high cost of servicing debt. Rising interest rates also increase the finance costs of working capital. The Group manages the increased cost of working capital by focusing on profitability margins and working capital arrangements of the business.

Foreign exchange risk

The Group is largely able to manage the exchange rate risk arising from operations through the natural matching of payments and receipts denominated in the same currencies. Any exposure tends to be on the payment side and is mainly in relation to the Sterling strength relative to the Euro or US Dollar. This transactional risk is considered manageable as the proportion of Group procurement that is not sourced in local currency is small. However, on occasions the Group does buy foreign currency call options and forward contracts to mitigate this risk.

The Group holds certain borrowings in the currencies of foreign acquired operations to reduce the Group's exposure to fluctuations in the value of foreign currencies that have a negative effect on the value of foreign operations. The Group does not adopt hedge accounting and recognises gains and losses on foreign exchange in both the income statement and translation reserve.

The total value of borrowings held in foreign currencies by companies whose functional currency is GBP relating to overseas acquired operations is as follows:

	2024 £'000	**2023 £'000**
EUR	35,049	27,378
AUD	5,163	3,585
USD	15,883	17,063
CAD	10,242	10,441

A 10% increase or decrease in the strength of sterling against all borrowings held in foreign currencies by companies whose functional currency is GBP would increase or decrease profit before tax by £6,634k (2023: £5,847k).

The Group reports in Pounds Sterling (GBP) but has significant revenues and costs as well as assets and liabilities that are denominated in other currencies. The table below sets out the exchange rates used in the periods reported.

	Annual average		**Year end**	
	2024	**2023**	**2024**	**2023**
EUR/GBP	1.184	1.152	1.210	1.154
AUD/GBP	1.943	1.880	2.023	1.868
NZD/GBP	2.120	2.032	2.236	2.013
USD/GBP	1.278	1.248	1.253	1.275
CHF/GBP	1.127	1.118	1.136	1.073
NOK/GBP	13.806	13.189	14.230	12.947
AED/GBP	4.692	4.582	4.598	4.678
QAR/GBP	4.651	4.541	4.558	4.637
SAR/GBP	4.797	4.638	4.708	4.769
CAD/GBP	1.754	1.666	1.802	1.682

The following tables illustrate the effect of changes in foreign exchange rates relative to the GBP on the profit before tax and net assets. The amounts are calculated retrospectively by applying the current year exchange rates to the prior year results so that the current year 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 year result.

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

Profit/(loss) before tax

	2023	Revised 2023	Impact	Impact
	£'000	£'000	£'000	%
EUR	36,547	36,095	(452)	(1.2)%
AUD	36,547	36,570	23	0.1%
NZD	36,547	36,549	2	0.0%
USD	36,547	36,463	(84)	(0.2)%
CHF	36,547	36,551	4	0.0%
NOK	36,547	36,530	(17)	0.0%
AED	36,547	36,311	(236)	(0.6)%
QAR	36,547	36,530	(17)	0.0%
SAR	36,547	36,539	(8)	0.0%
CAD	36,547	36,438	(109)	(0.3)%
All currencies	36,547	35,653	(894)	(2.4)%

Net assets

	2023	Revised 2023	Impact	Impact
	£'000	£'000	£'000	%
EUR	196,144	193,139	(3,005)	(1.5)%
AUD	196,144	195,961	(183)	(0.1)%
NZD	196,144	196,123	(21)	0.0%
USD	196,144	196,332	188	0.1%
CHF	196,144	196,176	32	0.0%
NOK	196,144	195,908	(236)	(0.1)%
AED	196,144	196,456	312	0.2%
QAR	196,144	196,204	60	0.0%
SAR	196,144	196,234	90	0.0%
CAD	196,144	194,615	(1,529)	(0.8)%
All currencies	196,144	191,852	(4,292)	(2.2)%

Liquidity risk

The main objective of the Group's liquidity risk management strategy is to ensure that the Group has sufficient liquidity to pay all liabilities as they fall due. The Group manages liquidity by monitoring working capital and maintaining sufficient cash balances to meet liabilities as they fall due using bank borrowing arrangements.

See note 7 for details of borrowing arrangements.

The tables below show the undiscounted cash flows on the Group's financial instrument liabilities as at 31 December 2024 and 2023 based on their contractual maturity:

At 31 December 2024

	Total	Within 2 months	Within 2 -6 months	Between 6 – 12 months	Between 1-2 years	After than 2 years
	£'000	£'000	£'000	£'000	£'000	£'000
Trade payables	165,315	147,176	18,020	12	18	89
Other payables	362	68	294	-	-	-
Deferred consideration	6,707	1,115	-	2,800	442	2,350
Put option liabilities	11,800	6,798	5,002	-	-	-
Leases	27,731	1,205	2,513	4,218	5,703	14,092
Accruals	29,491	24,561	1,442	950	1,432	1,106
Bank overdrafts, loans and invoice discounting	179,753	37,765	962	169	137	140,720
	421,159	218,688	28,233	8,149	7,732	158,357

At 31 December 2023 (Restated)[1]

	Total	Within 2 months	Within 2 -6 months	Between 6 – 12 months	Between 1-2 years	After than 2 years
	£'000	£'000	£'000	£'000	£'000	£'000
Trade payables	162,803	151,199	11,582	5	6	11
Other payables	312	310	2	-	-	-
Deferred consideration	16,802	1,053	10,611	200	2,402	2,536
Put option liabilities	23,535	-	9,833	12,607	-	1,095
Leases	26,070	807	1,914	2,605	4,742	16,002
Accruals	36,993	29,150	2,822	1,123	1,989	1,909
Bank overdrafts, loans and invoice discounting	138,716	43,260	1,076	198	168	94,014
	405,231	225,779	37,840	16,738	9,307	115,567

[1] Comparative information has been restated as detailed in note 17.

9. Share capital

The total allotted share capital of the Company is:

Allotted, issued and fully paid

	2024 Number	2024 £'000	2023 Number	2023 £'000
Issued and fully paid Ordinary Shares of £0.01 each				
At 1 January	103,251,326	1,033	88,879,912	889
Shares issued	993,800	9	14,371,414	144
At 31 December	104,245,126	1,042	103,251,326	1,033

During the year the Company issued 993,800 shares to the Group's employee benefit trusts (2023: 2,312,476). During the prior year the Company also issued 12,058,938 shares for total proceeds less issue cost of £50,033k.

Employee benefit trust

The Group's employee benefit trusts were allocated the following shares to be issued on exercise of share options:

	2024 Number	2024 £'000	2023 Number	2023 £'000
At 1 January	1,770,282	616	501,460	5
Share issued	993,800	9	2,312,476	23
Shares purchased	-	-	149,838	600
Shares issued on exercise of options	(985,269)	(9)	(1,193,492)	(12)
At 31 December	1,778,813	616	1,770,282	616

During the prior year the Company purchased 149,838 shares for £600k.

10. Other reserves

Movement in other reserves for the year ended 31 December 2024

	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 2024	10,843	392	(18,649)	50	150	(7,214)
Other comprehensive income	-	(5,048)	-	-	-	(5,048)
Total comprehensive income for the year	-	(5,048)	-	-	-	(5,048)
Share based payments	(957)	-	-	-	-	(957)
Deferred tax on share based payments	(115)	-	-	-	-	(115)
Share options exercised	(4,282)	-	-	-	-	(4,282)
Acquisition of non-controlling interest (note 12)	-	-	11,716	-	-	11,716
Transactions with owners	(5,354)	-	11,716	-	-	6,362
Balance at 31 December 2024	5,489	(4,656)	(6,933)	50	150	(5,900)

Movement in other reserves for the year ended 31 December 2023

	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 2023	12,025	5,356	(10,799)	50	150	6,782
Other comprehensive income	-	(4,964)	-	-	-	(4,964)
Total comprehensive income for the year	-	(4,964)	-	-	-	(4,964)
Share based payments	4,661	-	-	-	-	4,661
Deferred tax on share based payments	(434)	-	-	-	-	(434)
Share options exercised	(5,409)	-	-	-	-	(5,409)
Acquisition of subsidiary (note 13)	-	-	(7,850)	-	-	(7,850)
Transactions with owners	(1,182)	-	(7,850)	-	-	(9,032)
Balance at 31 December 2023	10,843	392	(18,649)	50	150	(7,214)

11. Share based payments

The Group operates two share option plans, the Long Term Incentive Plan ("LTIP") and the Share Incentive Plan ("SIP"). The Group has made a grant under the LTIP and SIP during both the current and prior year.

Share Incentive Plan:
The Group operates a SIP to which the employees of the Group may be invited to participate by the Remuneration Committee. Under the SIP, free shares granted to employees are issued and held in trust in during a conditional vesting period. The SIP shares vest 3 years after the date of grant. The SIP share are settled in equity once exercised.

Long Term Incentive Plan:
The Group also operates an LTIP to which the employees of the Group may be invited to participate by the Remuneration Committee. Options issued under the LTIP are exercisable at £0.01 per share but the Group has the option to provide an exemption for this payment. The options vest 3 years after the date of grant, subject to certain service and non-market performance conditions. The Group has the option to require an extended holding period in relation to specific options. The options are settled in equity once exercised except for options issued to employees in certain jurisdictions where settlement in equity is prohibited. For options issued to employees in jurisdictions in which settlement in equity is prohibited the options are issued on the same basis except they are settled in cash.

If the options remain unexercised after a period of 10 years from the date of grant, the options expire. Options are forfeited if the employee leaves the Group before the options vest.

LTIP options and SIP shares were valued using the Black-Scholes option-pricing model. The fair value of the 2024 Options granted and the assumptions used in the calculation are as follows:

	LTIP	SIP
Date of grant	29 Nov 2024	8 Apr 2024
Number granted	1,737,431	186,600
Share price at date of grant (£)	£2.87	£4.04
Exercise price (£)	£0.01	-
Expected volatility	12.3%	12.3%
Expected life (years)	2.33	3
Risk free rate	4.22%	4.54%
Expected dividend yield excluded from option	3.56%	0.0%
Percentage of options expected to vest	92.0%	70.5%
Fair value at date of grant	£3,829,048	£531,438
Earliest vesting date	31 Mar 2027	8 Apr 2027
Expiry date	29 Nov 2034	8 Apr 2034

Included within the LTIP issue in 2024 are 159,213 options issued to employees that will be settled in cash.

LTIP options and SIP shares were valued using the Black-Scholes option-pricing model. The fair value of the 2023 Options granted and the assumptions used in the calculation are as follows:

	LTIP	**SIP**
Date of grant	16 Aug 2023	11 Apr 2023
Number granted	1,190,811	111,300
Share price at date of grant (£)	£4.17	£5.12
Exercise price (£)	£0.01	-
Expected volatility	13.9%	13.9%
Expected life (years)	2.67	3
Risk free rate	5.06%	3.93%
Expected dividend yield excluded from option	2.91%	0.0%
Percentage of options expected to vest	91.0%	70.5%
Fair value at date of grant	£3,557,234	£401,756
Earliest vesting date	31 Mar 2026	11 Apr 2026
Expiry date	16 Aug 2033	11 Apr 2033

Included within the LTIP issue in 2023 are 143,100 options issued to employees that will be settled in cash.

The expected volatility is based on the volatility of similar companies in the industry. The expected life is the average expected period to exercise. The risk-free rate of return is the yield on zero-coupon UK government bonds of a term consistent with the assumed option life.

The Group recognised total credits of £957k (2023: expenses of £4,661k) related to equity-settled share based payment transactions. There is a significant variation between the expense in the prior year and the credit this year. The difference has arisen because the LTIP options issued in 2022 and 2023 are subject to performance targets, which have become unlikely to be met during the year resulting in a significant decrease in the number of options expected to vest.

In addition to equity settled share based payment transactions the Group recognised expenses of £69k (2023: £77k) related to cash settled share based payment transactions and credits of £419k (2023: expenses of £603k) related to employer taxes on share options for the above schemes during the year. The total carrying amount of liabilities arising from share based payment transactions at the end of the year was £618k (2023: £1,525k).

A reconciliation of LTIP option movements over the current and prior year excluding any options to be settled in cash is shown below:

	As at 31 December 2024		**As at 31 December 2023**	
	Number of LTIP options	Weighted average exercise price	Number of LTIP options	Weighted average exercise price
		£		£
Outstanding at start of year	3,885,946	0.01	4,115,317	0.01
Granted	1,578,218	0.01	1,047,711	0.01
Lapsed	(15,337)	0.01	(177,490)	0.01
Exercised	(888,669)	0.01	(1,099,592)	0.01
Outstanding at end of year	4,560,158	0.01	3,885,946	0.01
Weighted average remaining contractual life	1.2 years		1.1 years	

A reconciliation of SIP movements over the current and prior year is shown below:

	As at 31 December 2024		As at 31 December 2023	
	Number of SIP shares	Weighted average exercise price	Number of SIP shares	Weighted average exercise price
		£		£
Outstanding at 1 January	276,300	-	280,800	-
Granted	186,600	-	111,300	-
Lapsed	(32,700)	-	(21,900)	-
Exercised	(96,600)	-	(93,900)	-
Outstanding at 31 December	333,600	-	276,300	-
Weighted average remaining contractual life	1.5 years		1.4 years	

Share options were regularly exercised throughout the year. The average share price throughout the year was £3.50 (2023: £4.39). As at the year end there were 727,041 (2023: 1,048,911) equity settled share options that had vested and had yet to be exercised.

12. Acquisition of non-controlling interest

During the year the Group acquired the remaining 20% non-controlling interest in Midwich International Limited and the remaining 49% non-controlling interest in ProdyTel Distribution GmbH.

The non-controlling interest in Midwich International Limited had a value of £7,572k and was acquired for a consideration of £5,036k paid during the year with a further consideration with a value of £4,591k that was retained and is due to be settled in 2025. The non-controlling interest in ProdyTel Distribution GmbH had a value of £7,884k and was acquired for a consideration of £6,817k.

£3,866k of the put option reserve was transferred to retained earnings when the Midwich International Limited element of the put option was extinguished and £7,850k of the put option reserve was transferred to retained earnings when the ProdyTel Distribution GmbH element of the put option was extinguished.

During the prior year the Group settled the remaining consideration of £61k that was retained on the acquisition of the non-controlling interest in Prase Engineering SpA.

13. Business combinations

Acquisitions have been completed by the Group to increase scale, broaden its addressable market and widen the product offering.

Subsidiaries acquired:

Acquisition[1]	**Principal activity**	**Acquisition date**	**Proportion acquired (%)**	**Fair value of consideration £'000**
DCS	Distribution of cable products to trade customers	2 October 2024	100%	12,295
UK Fire	Distribution of fire safety products to trade customers	1 October 2024	100%	1,501
Dry Hire Lighting	Distribution of lighting products to trade customers	31 July 2024	70%	3,705
The Farm	Distribution of audio visual software to trade customers	19 January 2024	100%	7,614
ProdyTel	Distribution of professional audio products to trade customers	10 November 2023	51%	8,170

Pulse Cinemas	Distribution of specialist home cinema products to trade customers	31 July 2023	100%	1,715
Video Digital	Distribution of broadcast products to trade customers	21 July 2023	100%	1,364
HHB	Distribution of professional audio products to trade customers	12 July 2023	100%	21,078
76 Media	Distribution of broadcast products to trade customers	5 July 2023	100%	1,123
Toolfarm	Distribution of video editing software to trade customers	5 July 2023	100%	5,057
SF Marketing	Distribution of audio visual products to trade customers	31 May 2023	100%	21,369

Fair value of considerations 2024	**The Farm**	**Dry Hire Lighting**	**UK Fire**	**DCS**
	£'000	**£'000**	**£'000**	**£'000**
Cash	2,948	3,210	1,146	7,819
Deferred consideration	292	495	-	3,495
Contingent consideration	4,374	-	355	981
Total	7,614	3,705	1,501	12,295

Costs of £1,124k were expensed to the income statement during the year in relation to acquisitions.

Fair value of acquisitions 2024	**The Farm**	**Dry Hire Lighting**	**UK Fire**	**DCS**
	£'000	**£'000**	**£'000**	**£'000**
Non-current assets				
Goodwill	3,512	1,745	272	4,691
Intangible assets - brands	1,135	60	108	197
Intangible assets - customer relationships	352	417	505	3,145
Intangible assets - supplier relationships	3,895	1,181	880	4,067
Right of use assets	232	173	-	945
Property, plant and equipment	8	3,864	-	54
	9,134	7,440	1,765	13,099
Current assets				
Inventories	-	-	51	697
Gross contractual trade and other receivables	403	754	303	783
Contractual cash flows not expected to be collected	-	(29)	(10)	(4)
Cash and cash equivalents	145	229	205	1,607
	548	954	549	3,083
Current liabilities				
Trade and other payables	(215)	(1,431)	(376)	(886)
Borrowings and financial liabilities	-	-	-	(4)
Current tax	(3)	-	(53)	(169)
	(218)	(1,431)	(429)	(1,059)
Non-current liabilities				
Borrowings and financial liabilities	(237)	(972)	-	(975)
Deferred tax	(1,613)	(699)	(384)	(1,853)
	(1,850)	(1,671)	(384)	(2,828)
Equity interest held prior to acquisition	-	(1,587)	-	-
Fair value of net assets acquired attributable to equity shareholders of the Parent Company	7,614	3,705	1,501	12,295

Goodwill acquired in 2024 relates to the workforce, synergies, sales and purchasing knowledge and experience. Goodwill arising on the acquisition of The Farm has been allocated to the North America segment. Goodwill arising on the Dry Hire Lighting, UK Fire, and DCS acquisitions has been allocated to the United Kingdom and Republic of Ireland segment. No goodwill acquired is deductible for tax purposes.

Net cash outflows of acquisitions 2024

	The Farm	Dry Hire Lighting	UK Fire	DCS
	£'000	£'000	£'000	£'000
Consideration paid in cash	2,948	3,210	1,146	7,819
Less: cash and cash equivalent balances acquired	(145)	(229)	(205)	(1,607)
Net cash outflow	2,803	2,981	941	6,212
Plus: borrowings acquired	237	972	-	979
Net debt outflow	3,040	3,953	941	7,191

Post-acquisition contribution 2024

Acquired subsidiaries made the following contributions to the Group's results for the year in which they were acquired:

	The Farm	Dry Hire Lighting	UK Fire	DCS
	£'000	£'000	£'000	£'000
Revenue	4,034	963	345	829
Profit/(loss) after tax	(539)	287	(119)	98

These amounts are stated net of the depreciation of acquired intangibles.

Proforma full year contribution 2024

Acquired subsidiaries would have made the following contributions to the Group's results for the year in which they were acquired if they were acquired on 1 January 2024:

	The Farm	Dry Hire Lighting	UK Fire	DCS
	£'000	£'000	£'000	£'000
Revenue	4,050	2,467	1,989	5,557
Profit after tax[1]	(660)	621	94	637

[1]These amounts have been calculated using the results of subsidiaries and adjusting them for differences between the accounting policies and Generally Accepted Accounting Principles applicable to the subsidiaries and the accounting policies and IAS reporting requirements of the Group. The translation adjustments to modify the reported results of the subsidiaries have been applied as if the Group's accounting policies and IAS reporting requirements had always been applied. The translation adjustments include the additional depreciation and amortisation charges relating to the fair value adjustments to property, plant and equipment and intangible assets assuming the fair values recognised on acquisition were valid on 1 January 2024, together with the consequential tax effects.

Fair value of considerations 2023	**SF Marketing**	**HHB**	**ProdyTel**	**Others**
	£'000	**£'000**	**£'000**	**£'000**
Cash	20,215	13,087	7,406	7,706
Deferred consideration	1,154	-	-	689
Contingent consideration	-	7,991	764	864
Total	21,369	21,078	8,170	9,259

Costs of £1,489k were expensed to the income statement during the year in relation to acquisitions.

Fair value of acquisitions 2023	**SF Marketing**	**HHB**	**ProdyTel**	**Others**
	£'000	**£'000**	**£'000**	**£'000**
Non-current assets				
Goodwill	3,792	4,259	4,744	3,391
Intangible assets - patents and software	284	-	-	2
Intangible assets - brands	1,702	702	487	680
Intangible assets - customer relationships	2,485	5,082	3,751	1,722
Intangible assets - supplier relationships	6,924	7,095	9,052	4,493
Right of use assets	972	140	297	55
Property, plant and equipment	686	36	162	239
	16,845	17,314	18,493	10,582
Current assets				
Inventories	10,792	3,836	959	702
Gross contractual trade and other receivables	9,603	2,674	1,793	1,231
Contractual cash flows not expected to be collected	(386)	-	(9)	(55)
Derivative financial instruments	21	-	-	-
Cash and cash equivalents	118	3,794	634	1,510
	20,148	10,304	3,377	3,388
Current liabilities				
Trade and other payables	(9,690)	(3,092)	(1,093)	(2,672)
Borrowings and financial liabilities	(700)	-	-	(3)
Current tax	-	-	(129)	(146)
	(10,390)	(3,092)	(1,222)	(2,821)
Non-current liabilities				
Borrowings and financial liabilities	(2,781)	(501)	(357)	(117)
Deferred tax	(2,453)	(2,947)	(4,271)	(1,773)
	(5,234)	(3,448)	(4,628)	(1,890)
Non-controlling interests	-	-	(7,850)	-
Fair value of net assets acquired attributable to equity shareholders of the Parent Company	21,369	21,078	8,170	9,259

Goodwill acquired in 2023 relates to the workforce, synergies, sales and purchasing knowledge and experience. Goodwill arising on the SF Marketing, Toolfarm and 76 Media acquisitions has been allocated to the North America segment. Goodwill arising on the Video Digital and ProdyTel acquisitions has been allocated to the Europe Middle East and Africa segment. Goodwill arising on the HHB and Pulse Cinemas acquisitions has been allocated to the United Kingdom and Republic of Ireland segment. No goodwill acquired is deductible for tax purposes.

Net cash outflows of acquisitions 2023

	SF Marketing £'000	HHB £'000	ProdyTel £'000	Others £'000
Consideration paid in cash	20,215	13,087	7,406	7,706
Less: cash and cash equivalent balances acquired	(118)	(3,794)	(634)	(1,509)
Net cash outflow	20,097	9,293	6,772	6,197
Plus: borrowings acquired	3,481	501	357	120
Net debt outflow	23,578	9,794	7,129	6,317

Post-acquisition contribution 2023

Acquired subsidiaries made the following contributions to the Group's results for the year in which they were acquired:

	SF Marketing £'000	Toolfarm £'000	76 Media £'000	HHB £'000	Video Digital £'000	Pulse Cinemas £'000	ProdyTel £'000
Revenue	44,575	1,048	1,250	11,760	1,835	1,892	2,646
Profit/(loss) after tax	1,662	205	67	(180)	(63)	96	283

Proforma full year contribution 2023

Acquired subsidiaries would have made the following contributions to the Group's results for the year in which they were acquired if they were acquired on 1 January 2023:

	SF Marketing £'000	Toolfarm £'000	76 Media £'000	HHB £'000	Video Digital £'000	Pulse Cinemas £'000	ProdyTel £'000
Revenue	72,159	2,199	2,551	28,084	5,452	4,893	16,569
Profit after tax[1]	2,653	313	165	494	1	149	1,731

[1]These amounts have been calculated using the results of subsidiaries and adjusting them for differences between the accounting policies and Generally Accepted Accounting Principles applicable to the subsidiaries and the accounting policies and IAS reporting requirements of the Group. The translation adjustments to modify the reported results of the subsidiaries have been applied as if the Group's accounting policies and IAS reporting requirements had always been applied. The translation adjustments include the additional depreciation and amortisation charges relating to the fair value adjustments to property, plant and equipment and intangible assets assuming the fair values recognised on acquisition were valid on 1 January 2023, together with the consequential tax effects.

14. Dividends

On the 14 June 2024 the Company paid a final dividend of £11,467k. Excluding the effects of waived dividends this equated to 11.0 pence per share. On 18 October 2024 the Company paid an interim dividend of £5,651k. Excluding the effects of waived dividends this equated to 5.50 pence per share. During the prior year the Company paid a final dividend of £9,388k and an interim dividend of £5,594k. Excluding the effects of waived dividends these equated to 10.50 and 5.50 pence per share respectively.

The Board is recommending a final dividend of 7.5 pence per share which, if approved, will be paid on 4 July 2025 to shareholders on the register on 23 May 2025.

15. Contingent asset

On 21 December 2024 a fire broke out at a neighbouring warehouse to the Group's warehouse facility in the United Arab Emirates. The fire spread to other warehouses in the vicinity and resulted in the total loss of the Group's inventory at that location. Thankfully there was no loss of life due to the fire. The carrying value of inventory lost was £4,291k. The Group has acted rapidly to source temporary warehousing and to ensure that immediate customer orders could be fulfilled. The Group has adequate insurance to cover the loss of inventory and any resulting business interruption. Due to the proximity of the fire to the year end and the lag in the standards and sophistication of the insurance market in the United Arab Emirates the Group has been unable to process the claim to the point where the receipt of funds is virtually certain. Therefore, the Group has not recognised the insurance claim as a reimbursement asset.

The Group is confident in the insurance cover that has been placed and that the claim will be settled in due course. The Group's best estimate of the probable future economic benefits resulting from past events in respect of the claim is £4,523k.

16. Alternative performance measures

	2024 £'000	2023 £'000
Operating profit	**24,133**	**41,583**
Acquisition costs	1,124	1,489
Exceptional items	11,962	-
Share based payments	(888)	4,738
Employer taxes on share based payments	(419)	603
Amortisation of brands, customer and supplier relationships	12,387	11,180
Adjusted operating profit	**48,299**	**59,593**
Depreciation	10,568	9,286
Amortisation of patents and software	288	638
Adjusted EBITDA	**59,155**	**69,517**
(Increase)/decrease in inventories	(8,112)	10,524
(Increase) in trade and other receivables	13,778	9,637
Adjusted increase/(decrease) in trade and other payables[1]	(7,216)	(10,109)
Adjusted cash flow from operations	**57,605**	**79,569**
Adjusted cash flow conversion	**97.4%**	**114.5%**
Profit before tax	**22,311**	**36,547**
Acquisition costs	1,124	1,489
Exceptional items	11,962	-
Share based payments	(888)	4,738
Employer taxes on share based payments	(419)	603
Amortisation of brands, customer and supplier relationships	12,387	11,180
Borrowings derivative losses	423	1,219
Foreign exchange gains on acquisition borrowings	(1,631)	(560)
Gain on remeasurement of previously held equity interest	(1,205)	-
Other gains and losses on deferred and contingent considerations	(6,645)	(4,150)
Other gains and losses on put option liabilities over non-controlling interests	834	(1,063)
Adjusted profit before tax	**38,253**	**50,003**
Finance costs	**(11,339)**	**(9,847)**
Finance income	812	293
Foreign exchange derivative gains/(losses)	396	(60)
Investment derivative gains	1	-
Adjusted net finance cost	**(10,130)**	**(9,614)**
Adjusted operating profit	**48,299**	**59,593**
Share of profit after tax from associate	84	24
Adjusted net finance cost	(10,130)	(9,614)
Adjusted profit before tax	**38,253**	**50,003**

Profit after tax	**16,962**	**28,926**
Acquisition costs	1,124	1,489
Exceptional items	11,962	-
Share based payments	(888)	4,738
Employer taxes on share based payments	(419)	603
Amortisation of brands, customer and supplier relationships	12,387	11,180
Borrowings derivative losses	423	1,219
Foreign exchange gains on acquisition borrowings	(1,631)	(560)
Gain on remeasurement of previously held equity interest	(1,205)	-
Other gains and losses on deferred and contingent considerations	(6,645)	(4,150)
Other gains and losses on put option liabilities over non-controlling interests	834	(1,063)
Tax impact of exceptional costs	(2,625)	-
Tax impact of share based payments	223	(1,171)
Tax impact of employer taxes on share based payments	112	(156)
Tax impact of amortisation of brands, customer and supplier relationships	(2,849)	(2,714)
Tax impact of foreign exchange gains on acquisition borrowings	443	111
Adjusted profit after tax	**28,208**	**38,452**
Profit after tax	**16,962**	**28,926**
Non-controlling interest (NCI)	(932)	(2,109)
Profit after tax attributable to equity holders of the Parent Company	**16,030**	**26,817**
Adjusted profit after tax	**28,208**	**38,452**
Non-controlling interest	(932)	(2,109)
Share based payments attributable to NCI	(1)	(17)
Employer taxes on share based payments attributable to NCI	3	-
Amortisation of brands, customer and supplier relationships attributable to NCI	(630)	(524)
Tax impact attributable to NCI	158	102
Adjusted non controlling interest profit after tax	**(1,402)**	**(2,548)**
Adjusted profit after tax attributable to equity holders of the Parent Company	**26,806**	**35,904**
Weighted average number of ordinary shares	102,164,466	95,852,306
Diluted weighted average number of ordinary shares	105,600,546	99,085,633
Adjusted basic earnings per share	26.24	37.46
Adjusted diluted earnings per share	25.38	36.24

[1] Excludes the movement in cash settled share based payments and employer taxes on share based payments.

17. Restatements to prior year results

The Group adopted new standards, amendments to standards, and interpretations, which are effective from 1 January 2024. These include amendments to IAS 1 presentation of financial statements, IFRS 16 leases, IAS 7 statement of cash flows, and IFRS 7 financial instruments: disclosures. The new accounting standards did not have a direct impact on reported results. However, in consideration of the new accounting standards and recent guidance of the Financial Reporting Council the Group made presentational changes to the financial statements.

Comparative financial results have been restated as if changes in had always been adopted. The changes are reclassifications that do not alter the net financial performance or position previously reported.

The changes in presentation include reclassifying a derivative financial instrument from a current asset to a non current asset, presenting gains and losses separately from finance costs, presenting the retirement benefit obligations separately in the statement of financial position, and the restatement of trade receivables and trade payables.

The restatement of the derivative financial instrument is because the maturity of the derivative is greater than 12 months.

The restatement of other gains and losses is to present separately the gains and losses on the Group's derivative financial instruments, borrowings for acquisitions, deferred and contingent considerations, and put option liabilities that were previously reported in finance costs.

The restatement of trade receivables and trade payables relates to purchase invoices dated before the reporting date for goods that had not been received and for which the Group does not have the risks and rewards of control as at the reporting date. Previously the purchase invoices were recognised as trade payables with a separate trade receivable recognised representing a right to a refund as the goods had not been delivered as at the reporting date. The amounts payable for the purchase invoices have been derecognised on the basis that the Group did not have a liability until the related inventory comes under the control of the Group.

The changes in presentation for revenue recognition relate to management's reassessments over principal vs agent. As a result of a detailed reassessment of the Group's principal vs agent revenue recognition the Group reassessed the presentation for carriage and software revenue. Carriage revenue had previously been recognised on a net agent basis and has been changed to a gross principal basis. The change resulted in an increase in revenue and distribution costs of £9,670k. The Group recognises software revenue on both a net agent and gross principal basis depending on the circumstances of the sales. The Group has extended the amount of software sales that have been recognised on a net agent basis with a corresponding decrease in the revenue recognised on a gross principal basis. The change resulted in a decrease in revenue and cost of sales of £3,735k. There was no impact on the reported profit after tax or earnings per share reported for 31 December 2023.

The impact of adopting these changes on the financial performance and position of the Group for the comparative period is as follows:

	2023 Previously presented £'000	**2023 Impact of changes £'000**	**2023 Restated £'000**
Revenue	1,289,144	5,935	1,295,079
Cost of sales	(1,072,675)	3,735	(1,068,940)
Gross profit	216,469	9,670	226,139
Selling and distribution costs	(130,873)	(9,670)	(140,543)
Administrative expenses	(51,029)	-	(51,029)
Other operating income	7,016	-	7,016
Operating profit	41,583	-	41,583
Share of profit after tax from associate	24	-	24
Other gains and losses	-	4,494	4,494
Finance income	293	-	293
Finance costs	(5,353)	(4,494)	(9,847)
Profit before taxation	36,547	-	36,547
Taxation	(7,621)	-	(7,621)
Profit after taxation	28,926	-	28,926

	2023 Previously presented £'000	**2023 Impact of changes £'000**	**2023 Restated £'000**
Assets			
Non-current assets			
Investments	299	-	299
Goodwill	51,216	-	51,216
Intangible assets	117,009	-	117,009

Right of use assets	21,051	-	21,051
Property, plant and equipment	16,640	-	16,640
Derivative financial instruments	-	2,031	2,031
Deferred tax assets	617	-	617
	206,832	2,031	208,863
Current assets			
Inventories	165,588	-	165,588
Derivative financial instruments	2,084	(2,031)	53
Trade and other receivables	223,826	(14,686)	209,140
Cash and cash equivalents	56,135	-	56,135
	447,633	(16,717)	430,916
Current liabilities			
Trade and other payables	(230,915)	14,686	(216,229)
Derivative financial instruments	(26)		(26)
Put option liabilities over non-controlling interests	(21,958)	-	(21,958)
Deferred and contingent considerations	(11,694)	-	(11,694)
Borrowings and financial liabilities	(49,146)	-	(49,146)
Current tax	(179)	-	(179)
	(313,918)	14,686	(299,232)
Net current assets	133,715	(2,031)	131,684
Total assets less current liabilities	340,547	-	340,547
Non-current liabilities			
Trade and other payables	(3,915)	-	(3,915)
Put option liabilities over non-controlling interests	(743)	-	(743)
Deferred and contingent considerations	(3,685)	-	(3,685)
Borrowings and financial liabilities	(113,180)	-	(113,180)
Deferred tax liabilities	(18,920)	-	(18,920)
Retirement benefit obligation	-	(1,562)	(1,562)
Other provisions	(3,960)	1,562	(2,398)
	(144,403)	-	(144,403)
Net assets	196,144	-	196,144