Midwich Group Plc

2021 Half Year Results

September 2021

DELIVERING EXPERIENCES BEYOND EXPECTATIONS

Financial Highlights

Revenue
£390.1m
2020: £302.0m

Growth
29%
CFX: 30%

Organic growth
26%
2020: (22.1%)

Gross Margin
15.1%
2020: 14.5%

Adjusted operating profit[1]
£13.9m
2020: £4.1m

Adjusted PBT[2]
£13.0m
2020: £3.2m

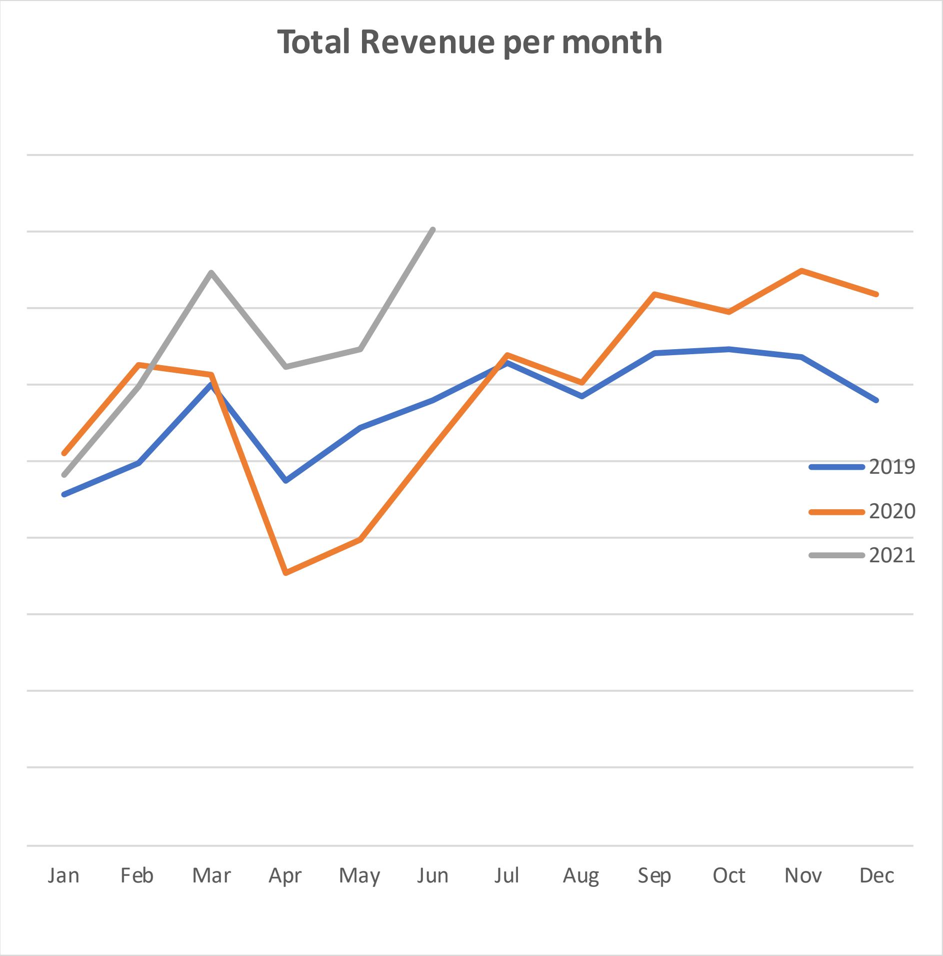
Interim Dividend
3.3p
2020: Nil

Adjusted EPS
278%
to 10.08p

Net debt
£56.0m
2020: £41.2m

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

Revenue progression



- Organic revenue growth 25.6% in H1 2021. Overall revenue 29% up on 2020 and 22% up on 2019;
- US fulfilment business ceased at end of 2020. Excluding this from comparative, overall growth 43% in H1 2021;
- 2020 comparative seriously impacted by Covid-19 crisis. Revenue recovered strongly in H2 2020 so H1 2021 growth not likely to be achieved across full year;
- Order books at record highs – driven mostly by customers ordering early due to widely acknowledged product shortages, and logistics issues;
- Mainstream and technical product categories growing back at similar rates. Broadcast business grown strongly;
- Strong education business has continued. Corporate market still fairly quiet – will take longer to recover than originally expected;
- Sales improving in live events and hospitality markets but a long way to go to return to 2019 levels;
- Market shares remain high and significant new vendor launches;
- UK&I business negatively impacted by severe lockdown early in period, but improved significantly as restrictions lifted. June 2021 above June 2019;
- EMEA growth continues to be strong – 65% in H1 (organic 58%);
- APAC revenues relatively stable but recent lockdown impact;
- US revenues down, but excluding discontinued vendor, growth of around 38%

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Gross margin progression

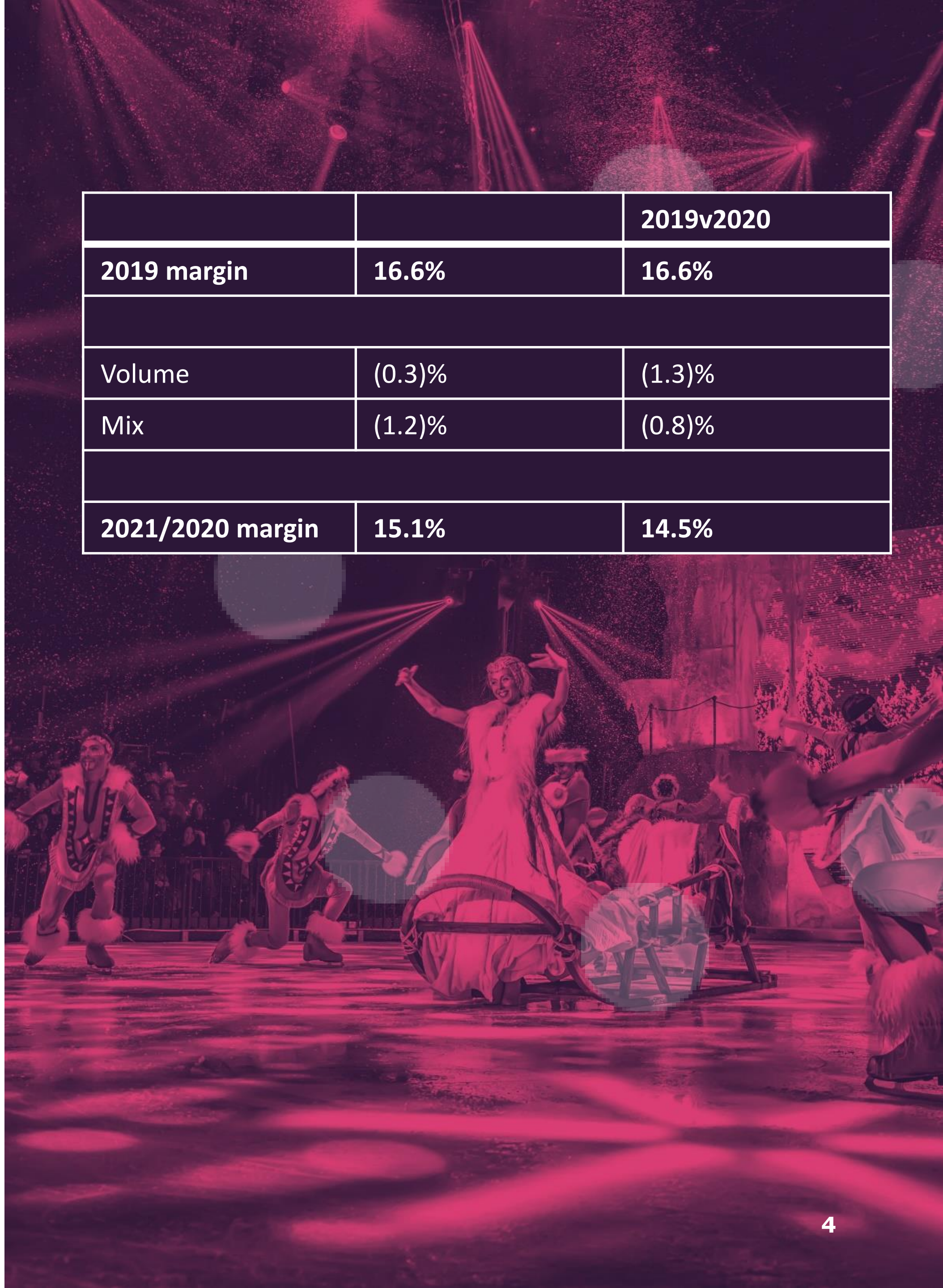
Gross margin improvement of 0.6% compared with H1 2020.

Broadly, margin impacted by volume and mix factors:

- **Volume:**
  - Linked primarily to purchasing volumes in mainstream products (displays and projection);
  - Higher level of purchases in H1 2021 means greater ability to gain volume purchasing discounts and achieve rebate targets;
  - Most of the volume related margin drop in 2020 now recovered, but the market remains competitive.

- **Mix:**
  - Recovery in revenue of higher margin product areas slower than for mainstream products as linked to complex projects and live events;
  - Most margins back to 2019 levels;
  - Particular strength in lower margin part of broadcast market and weakness in trade rentals account for most of the mix impact;
  - Some new product areas at slightly lower margins.

Margin recovery should continue as live events and hospitality markets open up.



		2019v2020
2019 margin	**16.6%**	**16.6%**
Volume	(0.3)%	(1.3)%
Mix	(1.2)%	(0.8)%
2021/2020 margin	**15.1%**	**14.5%**

Current position

General Market Conditions

- Further lockdowns in early 2021 dented pace of recovery. Recent lockdowns in ANZ;
- Relaxation of restrictions in UK&I has had beneficial impact – but still further to go;
- Corporate market recovery slower than expected – but more enquiries. Recovery most likely to be deferred into 2022;
- Product shortages caused by chip supply and logistics issues continue;
- Global logistics capabilities pushing up costs and slowing some vendor deliveries;
- Venues and events and hospitality markets showing some early signs of activity;
- Delayed Expo 2020 now scheduled to take place Oct 2021 to March 2022. ISE and Tech Exposed cancelled;
- Education sector remains strong and some new government initiatives will involve technology spend.

Our Business

- Order books at record highs in many territories. Attributed mostly to customers trying to reserve stock early;
- Mixture of in-office and WFH for our staff. Won two awards for Best Company to Work For;
- New vendor and technology development continues;
- M&A pipeline building. Significant number of potential sellers approaching us.

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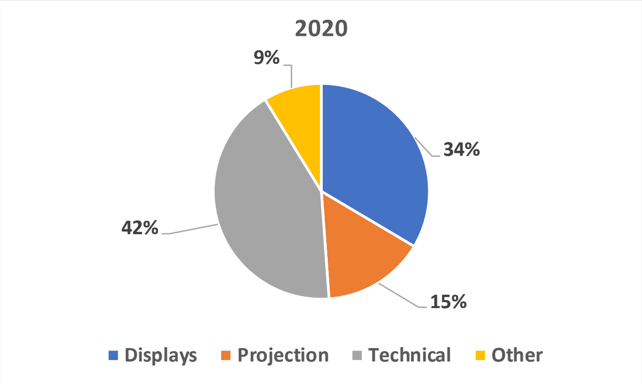
Long term strategy remains unchanged

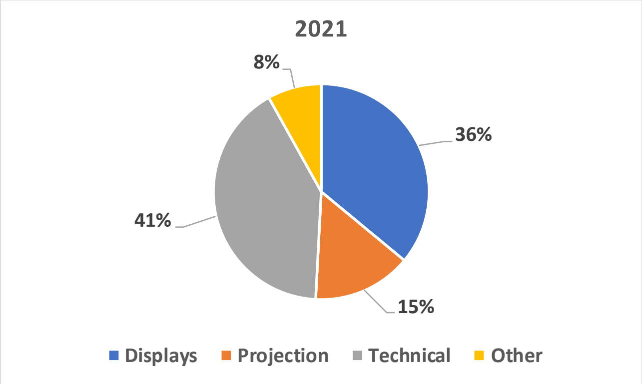
	Why?	How?	Success Measures
Specialisation	Relevance Profitability Defensibility	Portfolio management Acquisition Value add services	Growth in technical product sales[1] Long term growth in gross margin
Geographical Coverage	Support Projects Share of wallet	Acquisition Investment	Number of territories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

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

Progress

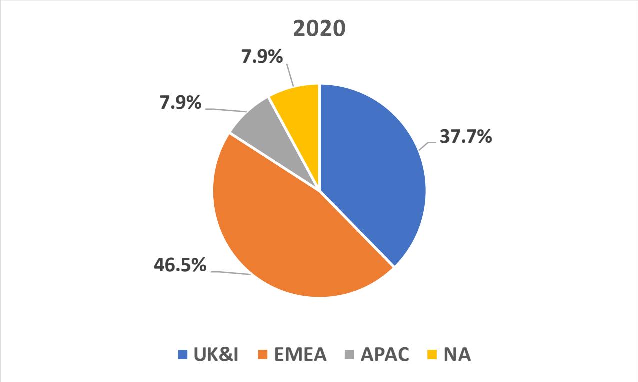
Specialisation

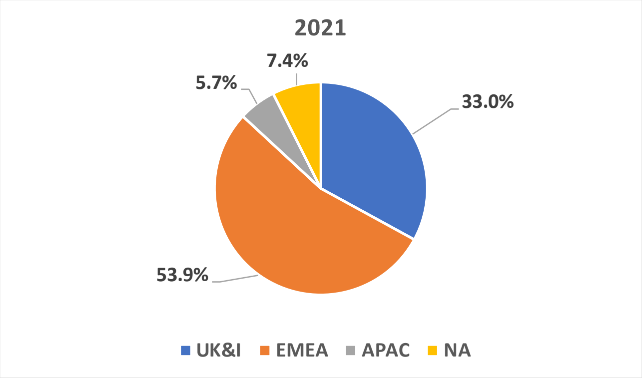




- No significant change in mix of technologies
- Relative recovery in displays importance;

Geographical Coverage

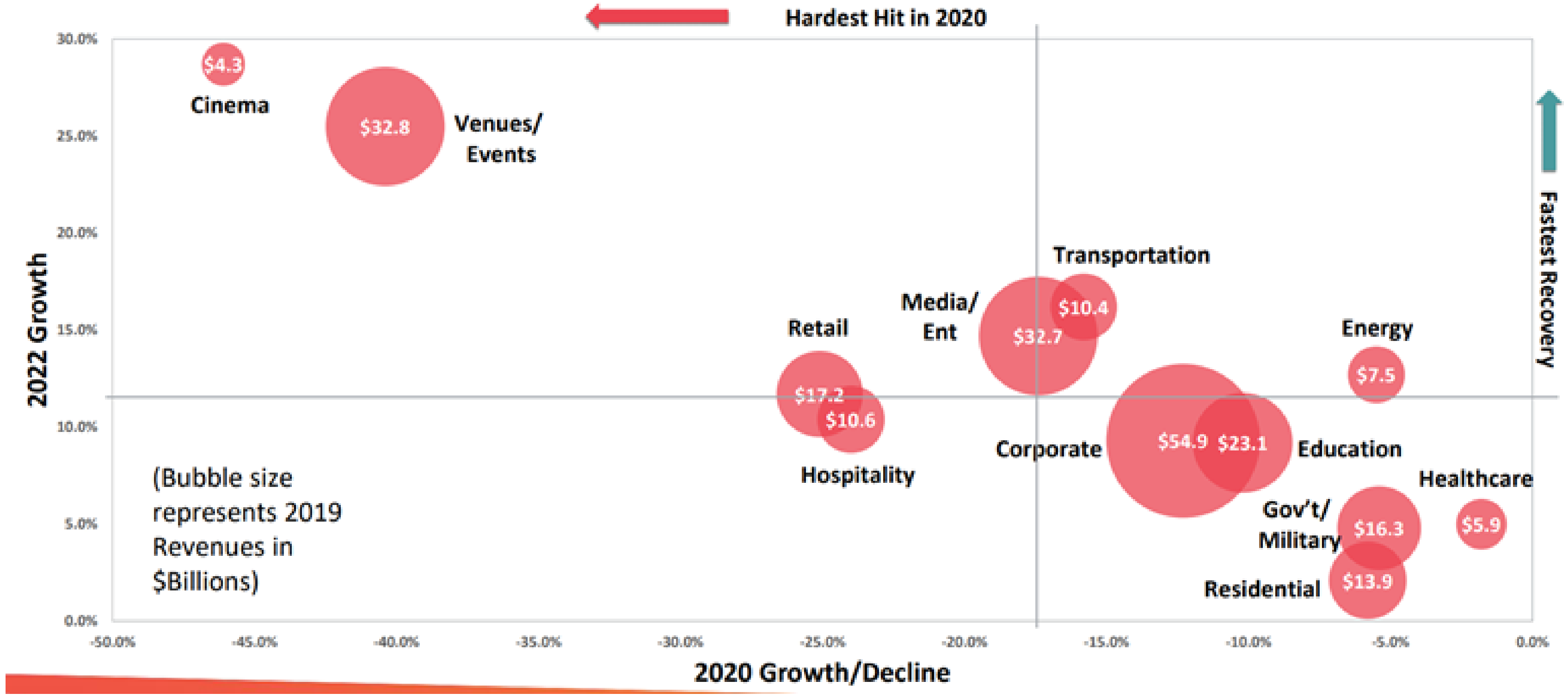




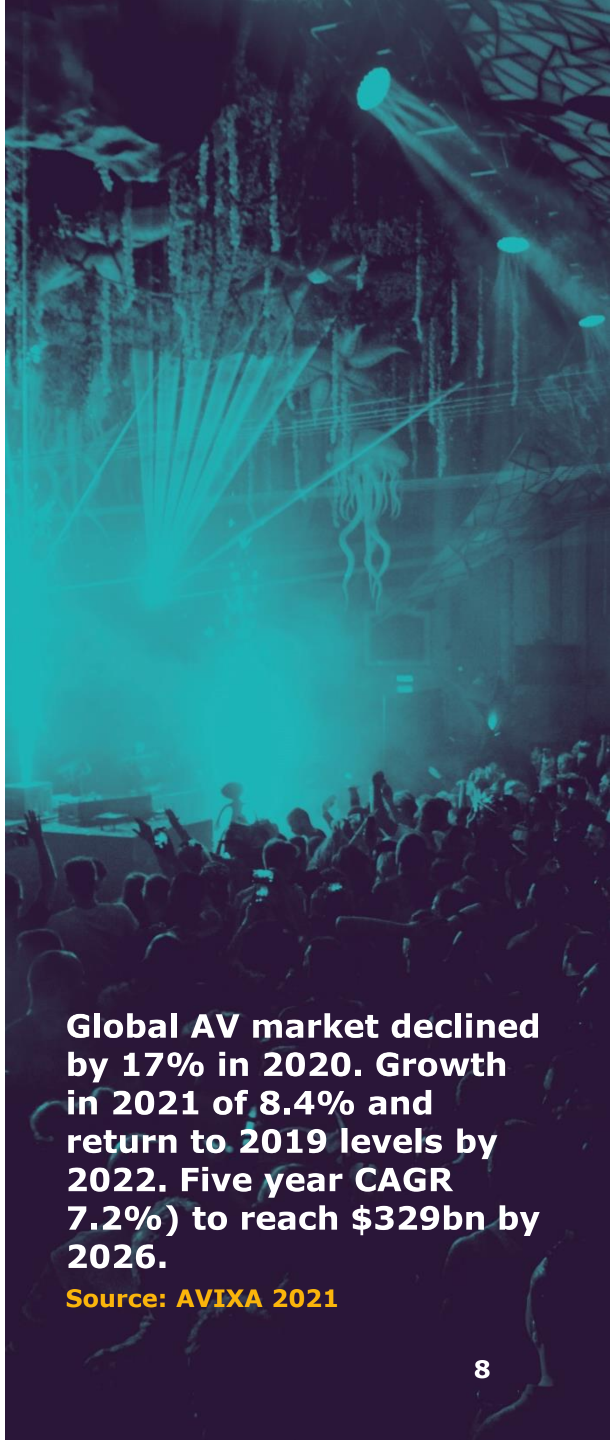
- Operations in 20 territories;
- NMK acquisition gives presence in all key global markets;
- UK&I growth significant but less than EMEA;
- Growth in EMEA driven out of Germany and France;

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

AVIXA market report June 2021



- Decline in 2020 updated to 17% from 8% estimate in July 2020. EMEA decline 20%;
- Market expected to recover to previous trajectory;
- Retail, cinema, events and hospitality were hardest hit end user segments – and expected to recover quickly;
- Short term product shortages expected to lead to price increases – but these will settle down;
- EMEA slower growth in 2021, with acceleration thereafter;
- APAC region shows strongest growth.

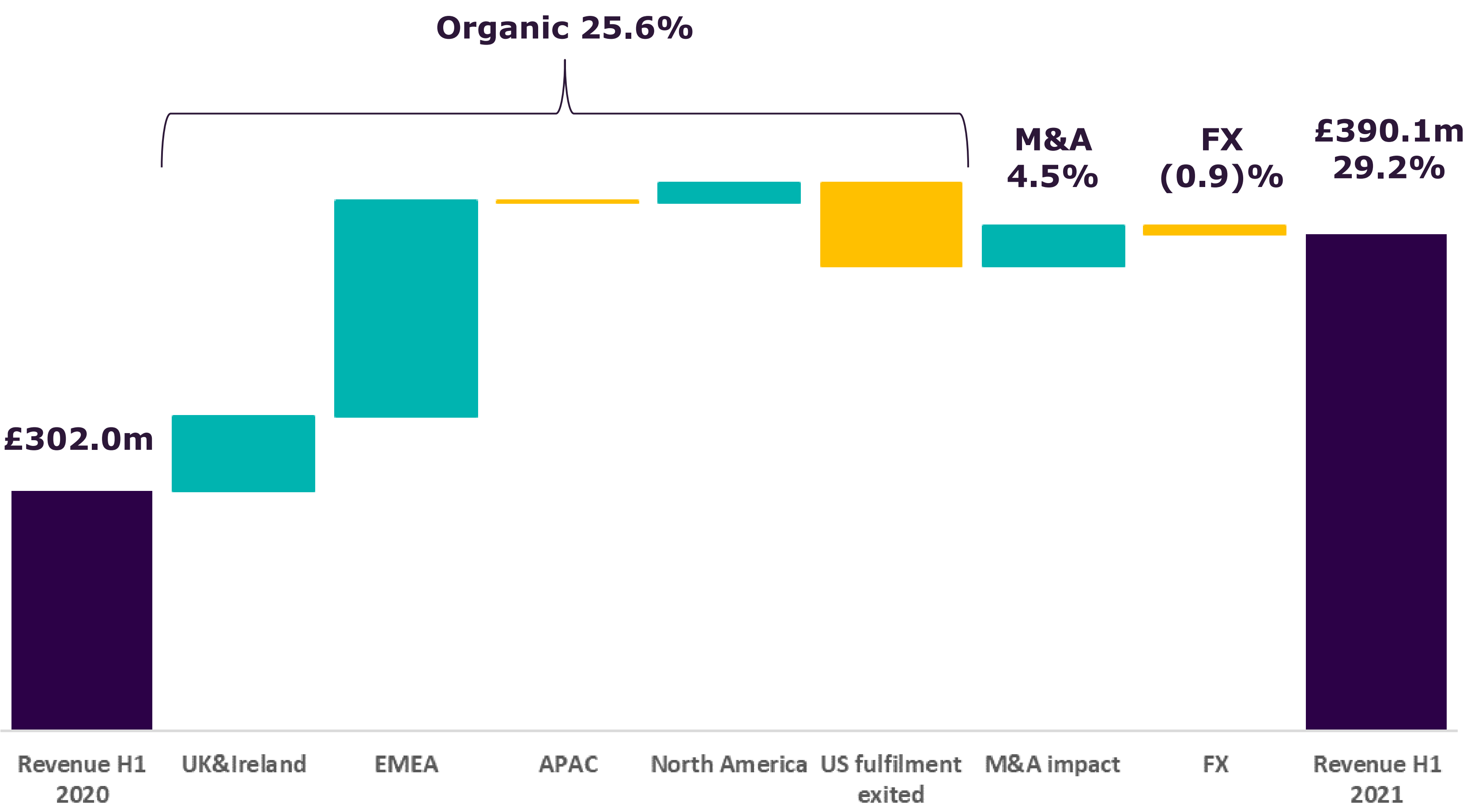


Revenue bridge H1 2021

vs H1 2020

30.1%
Revenue increase (CFX)

25.6%
Organic revenue increase



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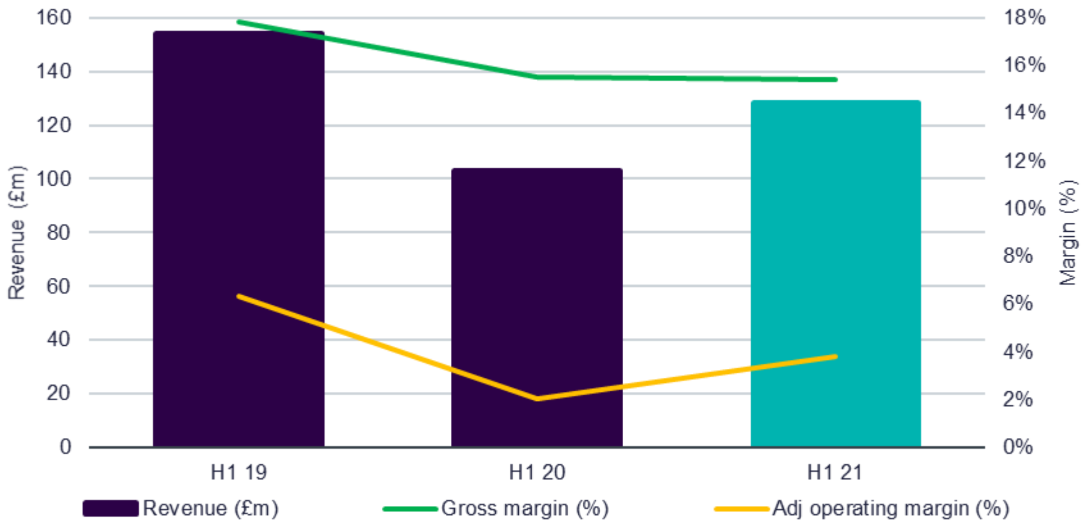
UK & Ireland

- Trading continues to improve with enquiries increasing following the easing of lockdowns. New brands added in the last year are preforming well.
- Margin recovery to 15.4% (vs 14.0% full year 2020) as vendor rebates normalise. Mix will take longer as higher margin rental, corporate, live events and hospitality sectors are not expected to fully recover until 2022.
- Partial return to historic net margins up to 3.8% (H1 2020: 2.0%) despite end of government support.



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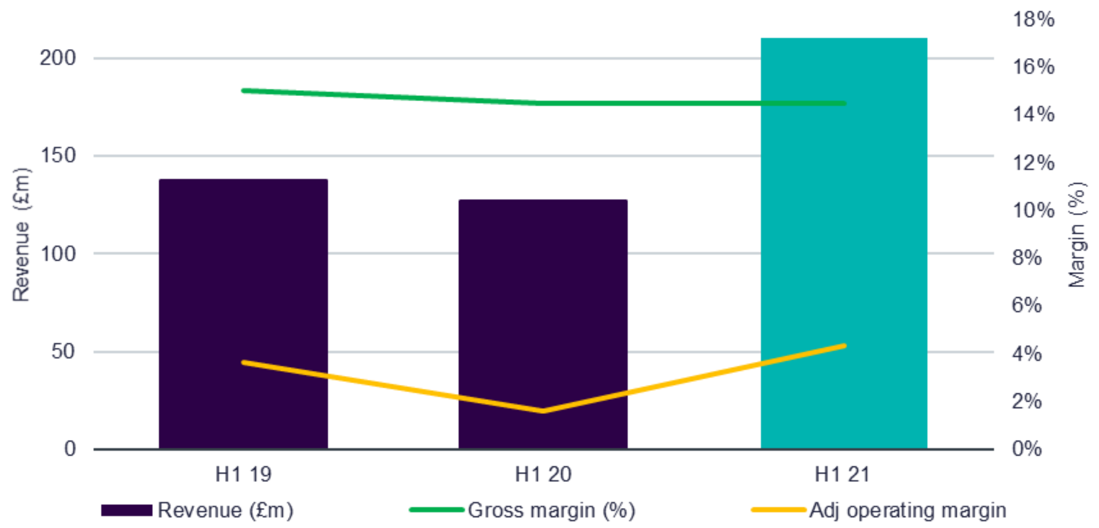
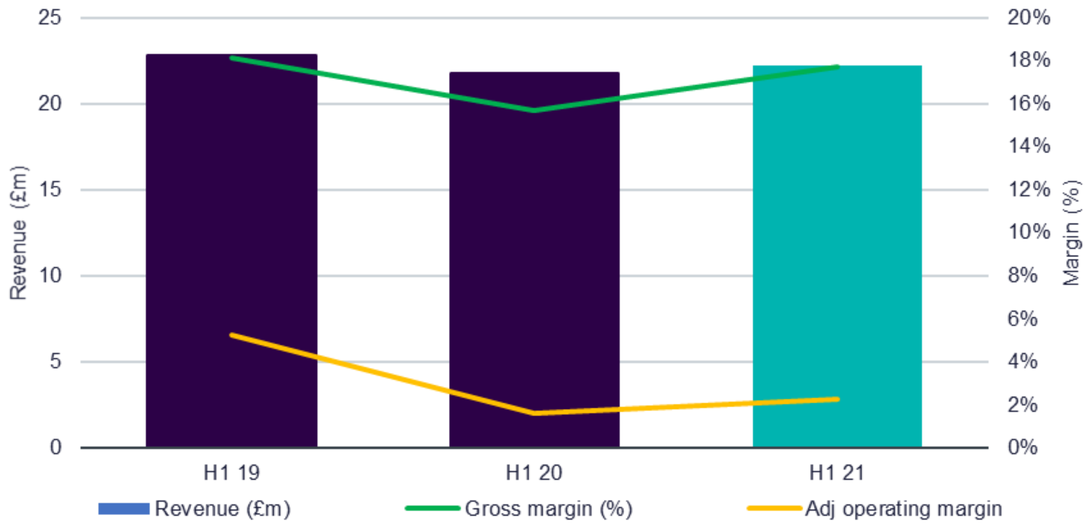
EMEA

- EMEA has continue to build scale and gain market share, especially in Germany and France, with regional growth of 66.2%.
- Gross margin consistent with prior years.
- NMK and eLink acquisitions performing well.
- Operating margin of 4.3% ahead of both H1 2020 (1.6%) and H1 2019 (3.7%)



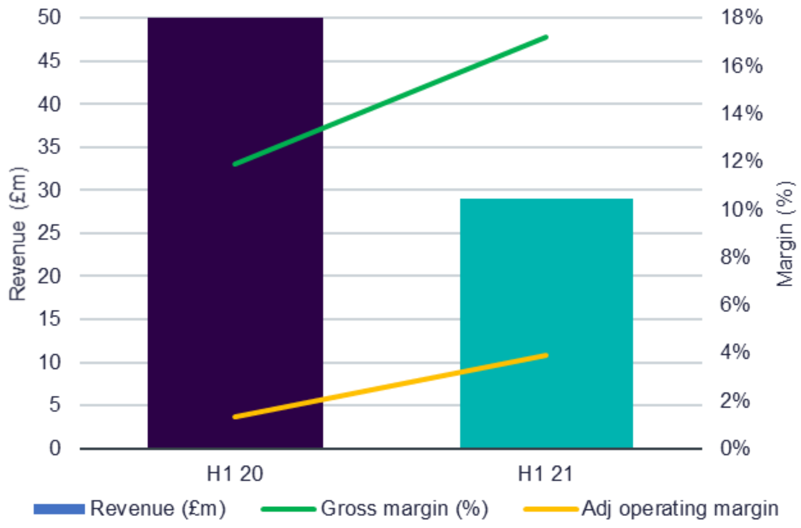
Asia Pacific

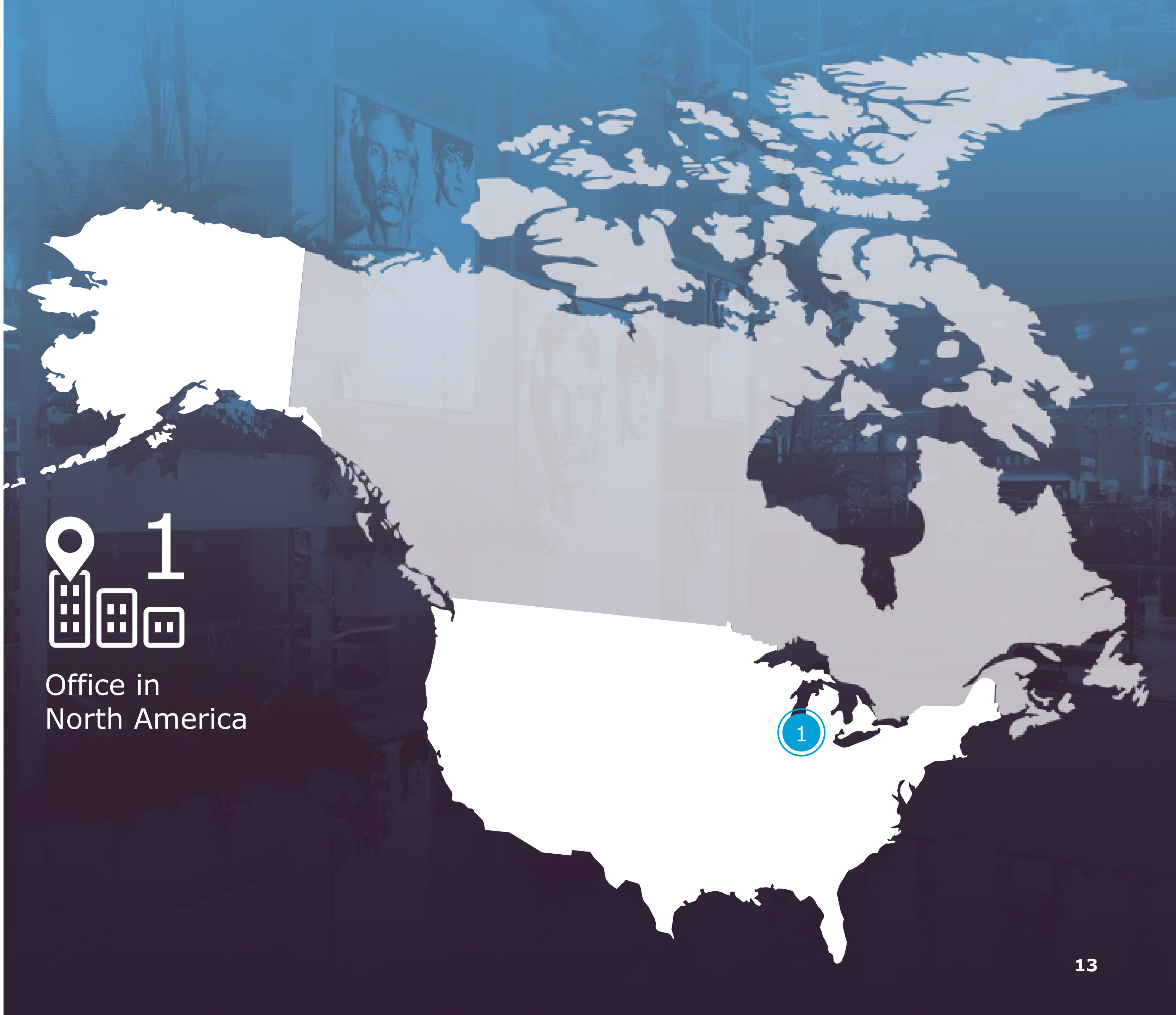
- APAC revenue relative flat on the prior year.
- Broadcast business has performed well and enquiries have increased for larger projects.
- Recent severe lockdowns have slowed improvement and increased short-term uncertainty.



North America

- Trading improved steadily with revenue of £29.1m at a gross margin of 17.2%.
- Organic growth of c30% excluding low margin fulfilment activity exited in 2020.
- Focus on inventory management with positive benefit from sale of aged stock.





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Trading results

Summary Income Statement

£m	H1 2021	H1 2020	Actual change	Constant currency change
Revenue	**390.1**	**302.0**	29%	30%
Gross profit *Margin*	**59.1** *15.1%*	**43.8** *14.5%*	35%	36%
EBITDA (Adj.)	**16.7**	**7.1**		
Adjusted operating profit *Margin*	**13.9** *3.6%*	**4.1** *1.4%*	238%	240%
Net finance expense	(0.9)	(0.9)		
Adjusted PBT	**13.0**	**3.2**	304%	306%
Taxation	(3.6)	(0.8)		
Adjusted PAT	**9.4**	**2.4**	289%	290%
Adjusted EPS (p)	**10.08**	**2.67**	278%	
Special DPS (p)	**3.0**	**-**		
DPS (p)	**3.3**	**-**		

- Strong revenue recovery with growth of 30%.
- Organic growth of 25.6% despite impact of exiting Starin fulfilment activity in December 2020 (approximately 38% like for like).
- Partial recovery in gross margin as rebate targets reset, whilst headwind of Covid-19 impact on higher margin end users continues.
- Overhead increase includes M&A impact and cessation of government support/salary reductions.
- Adjusted effective tax rate of 27.8% reflecting shift in mix towards higher tax jurisdictions.
- Special dividend of 3p per share (paid July 2021) plus interim dividend declared of 3.3p per share (payable October 2021).

Strong balance sheet

- Acquisitions of NMK and eLink in the period
- Continued focus on cash management whilst investing in working capital to support strong growth
- Adjusted net debt of £56.0m (£21.0m at December 2020)
- Adjusted net debt equivalent to 1.7x Adj EBITDA (June 2019: 1.4x)
- HSBC RCF facility of £50m: 2/3rds utilised at 30 June 2021
- Approximately £130m of other facilities in place – mainly working capital
- Other liabilities include estimated payments for put/call options and deferred consideration
  - £11.7m due <12 months
  - £5.8m due >12 months

Balance Sheet		
£m	**H1 2021**	**H1 2020**
Non-current assets	**105.4**	**93.8**
Inventories	117.8	110.6
Trade and other receivables	127.3	92.5
Trade and other payables	(139.0)	(103.9)
Net working capital (ex cash)	**106.1**	**99.2**
Cash and cash equivalents	19.9	20.4
Borrowings (ex leases)	(75.9)	(61.6)
Leases	(17.2)	(17.9)
Other short term liabilities	(14.2)	(13.7)
Other long term liabilities	(14.9)	(13.8)
Net assets	**109.2**	**106.4**
Net debt (reported)	**73.3**	**59.2**
Adj net debt (ex leases)	**56.0**	**41.2**
Net working capital as % of revenue	*13.6%*	*16.4%*

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Investing in growth

- Net cash outflow from operations before tax of £5.2m (H1 2020 inflow: £9.0m)
- Return to more normal working capital patterns results in adjusted EBITDA cash conversion of -31%. This reflects investment in working capital to support business growth and manage inventory supply risks.
- Collections have held up well and trade credit insurance remains in place for most of the Group
- Acquisitions/deferred consideration/cash acquired includes the acquisition of NMK and eLink together with deferred consideration for Prase and New Media
- Capex remains below historic levels due to subdued rental market

Cash Flow

£m	H1 2021	H1 2020
Adjusted EBITDA	**16.7**	**7.1**
Decrease/(Increase) in stock	(28.7)	8.3
Decrease/(Increase) in receivables	(15.6)	32.7
(Decrease)/Increase in adjusted payables	22.4	(39.1)
Cash flow from operations	**(5.2)**	**9.0**
Adjusted EBITDA cash conversion	***(31%)***	***127%***
Other cash items:		
Interest payments	(1.2)	(1.2)
Income tax	(3.3)	(0.8)
Acquisitions/deferred consideration	(23.8)	(21.3)
Cash/(Debt) acquired	2.7	(13.3)
Net share proceeds	-	38.9
Net capex	(1.5)	(1.5)
Capital element of lease payments	(2.2)	(1.2)
Other	0.5	2.2
(Increase)/decrease in net debt	**(34.0)**	**10.8**

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Acquisitions

- Acquisition in April 2021 of unified communications division of eLink;
- Based in Hamburg and operating throughout the DACH region;
- Has become the UC division of K&S;
- Established value add distributor for UC brands Poly, Lifesize, DTEN and Yealink;
- Master distributor for Zoom licences in DACH region.

- Small acquisition in July 2021 of UK photography distributor out of administration;
- Becomes division of Holdan, providing new growth opportunity for us;
- Gives expanded product range for broadcast business, and access to new customers and vendors.

- Based in UAE, with separate company in Qatar. Operating across Middle East;
- Strong heritage in professional audio, carrying premium brands such as Shure and Bose. Recent success moving into professional video;
- New brands added already (eg Barco Clickshare)
- Significant addition to our ability to support global integrators;
- Move to new office/ experience centre in progress.

Summary and outlook

Continued recovery, with more to come

Revenue growth	Gross Margin	Adj. Op. Profit[1]	Adj. Net Debt[2]
29%	**15.1%**	**238%**	**£56.0m**
CFX: 30%	2020: 14.5%	CFX: 240%	1.7x Adj. EBITDA

Strong market position

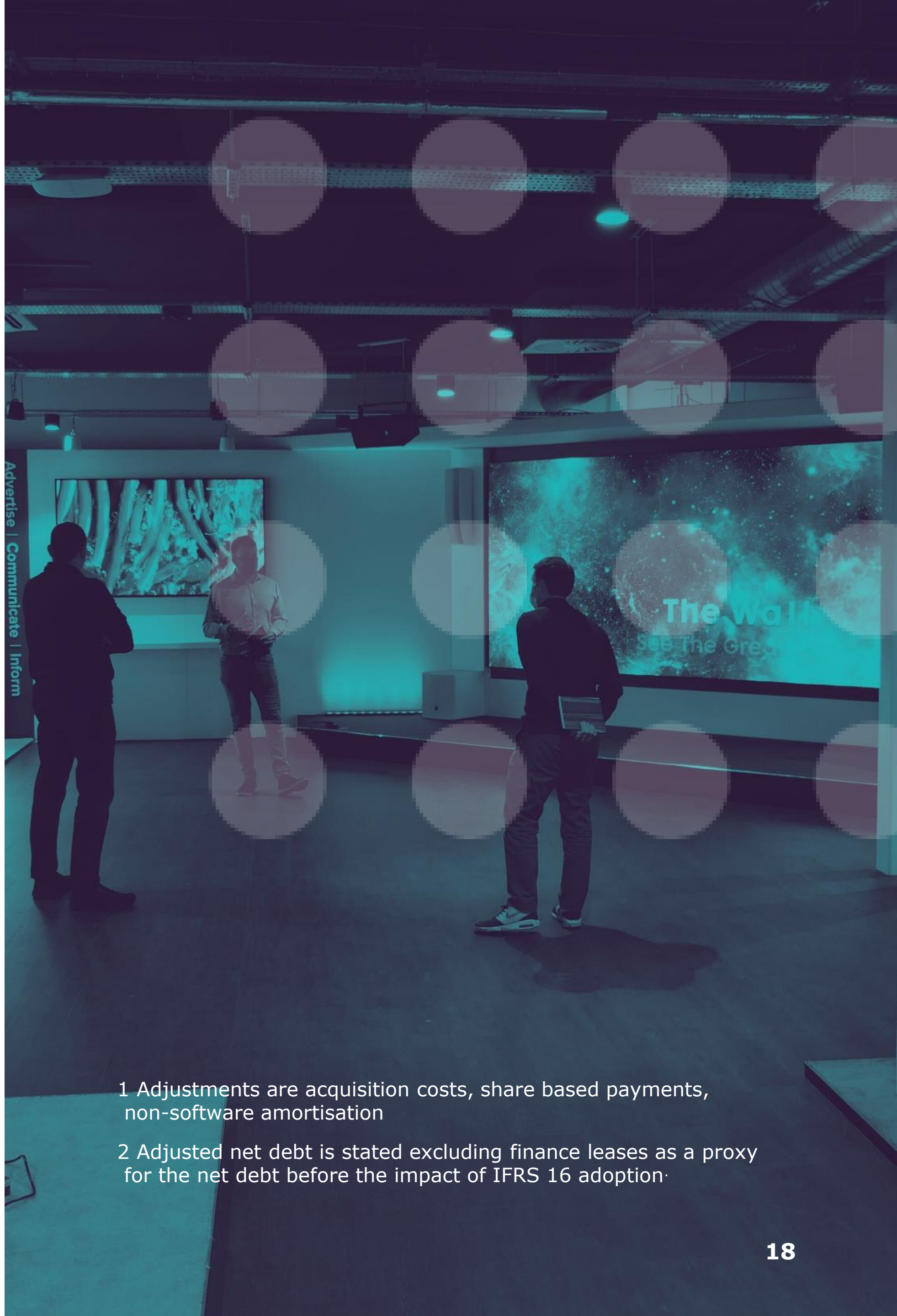
- Market leadership positions
- Acquisitions well integrated
- Good cash generation

Positioned for growth

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

Positive outlook

- AV market growth expected from 2021
- Broadening technology portfolio
- 2021 trading comfortably ahead of Board expectations



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

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

Appendices

Experienced management team and Board

Andrew Herbert

Non-Executive Chairman

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

Fellow of the Chartered Institute of Management Accountants

Stephen Fenby

Managing Director

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

Has led Group's acquisition and development programmes

Chartered accountant

Stephen Lamb

Finance Director

Joined end July 2018

Previously senior finance roles at Iron Mountain, Regus and Experian

Strong international and M&A experience

ACA qualified

Mike Ashley

Non-Executive Director

Extensive retail and consumer experience through senior roles at Boots, Argos and Dixons.

Previous roles have included CCO at Holland & Barrett and Travis Perkins P&H Division

As CEO, led the turnaround and sale of Harvard International PLC

Hilary Wright

Non-Executive Director

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

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

Fellow of Chartered Institute of Personnel and Development

Executive Leadership Team

Michael Broadbent

Managing Director – Asia Pacific

Joined as Managing Director in June 2014

30 years' experience within the Australian and New Zealand commercial audio visual market.

10 of these as owner of a leading Australian integrator

Senior roles in companies such as Rexel, Panasonic distributor.

Tom Sumner

Managing Director - EMEA

Joined Midwich in 2007

Integration of Sidev business into the Group from 2010.

Development of the Group's expansion into Europe.

Tom has a BSc in Business Management.

Mark Lowe

Managing Director – UK and Ireland

Joined Midwich Business Management team in 2004

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

Managed major projects including pre and post acquisition strategies

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

Lutz Kern

Regional Director - DACH

After working in the AV industry for many years, established Kern & Stelly in 2004 with colleague Andreas Stelly

K&S became part of the Midwich Group in 2013 and has grown to become the largest specialist AV distributor in Germany

Lutz now oversees all our businesses in the DACH region

Case study

Inside the Midwich-equipped PYTCHAir private jet

A private jet has been converted into an environmentally friendly and ultra-modern meeting space for the PYTCH live events and virtual studio company with discreet but powerful technology from global AV distributor, Midwich.

“Rather than build a carbon-intensive building, we thought we could upcycle and repurpose the icon of hyper consumption which is the airliner private jet and that is where PYTCHAir came from.” says Johnny Palmer, founder of PYTCH.

The newly rebranded PYTCHAir jet, which has been relocated to PYTCH HQ in Bristol, England, retains the luxurious interior design of a private jet but has been equipped with cutting-edge AV solutions from Midwich's vendor partners, Mersive, Samsung, Huddly and Biamp.

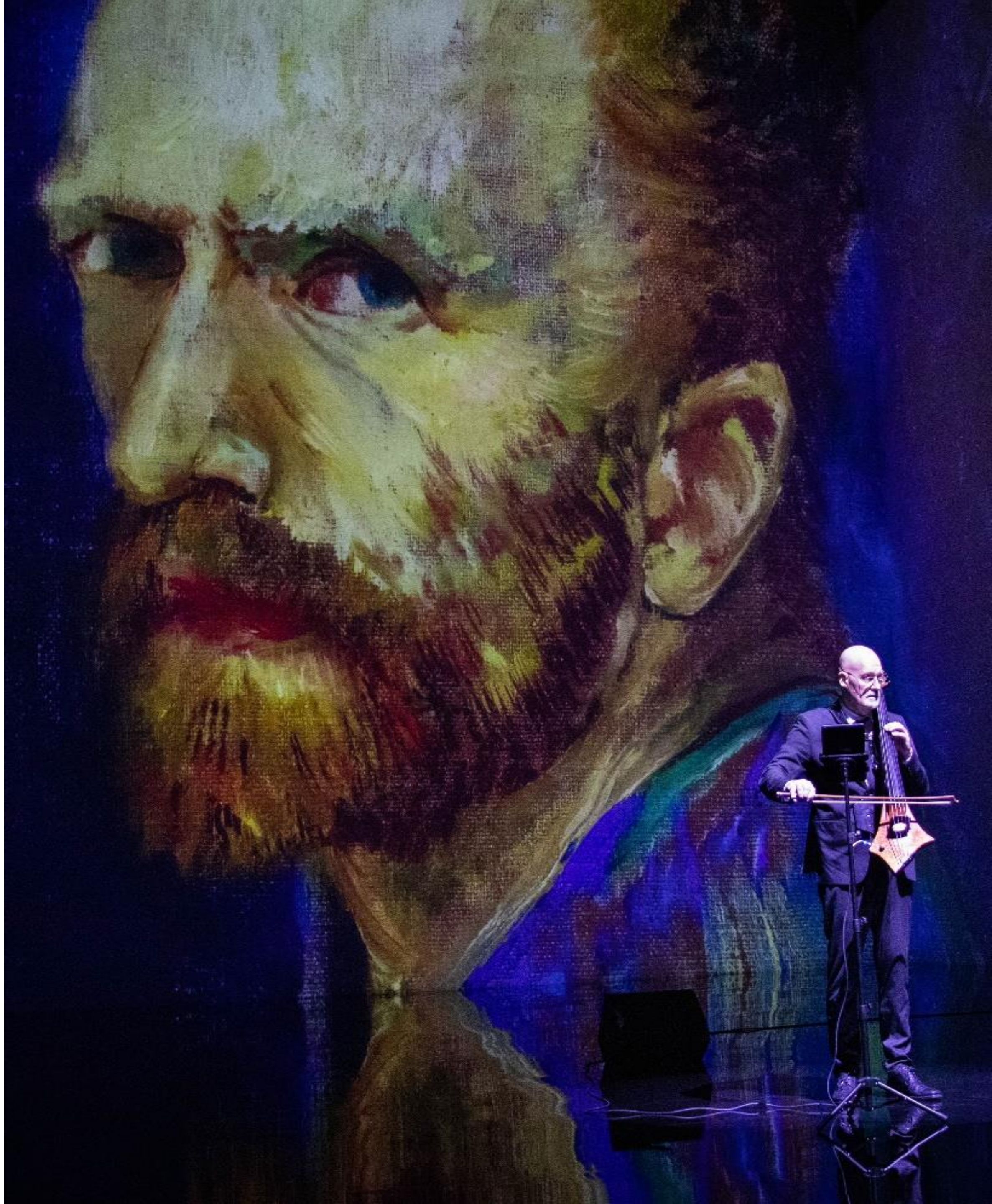
The meeting room can be used by PYTCH staff, clients and content producers and can even be visited by the public on open days.

Case study

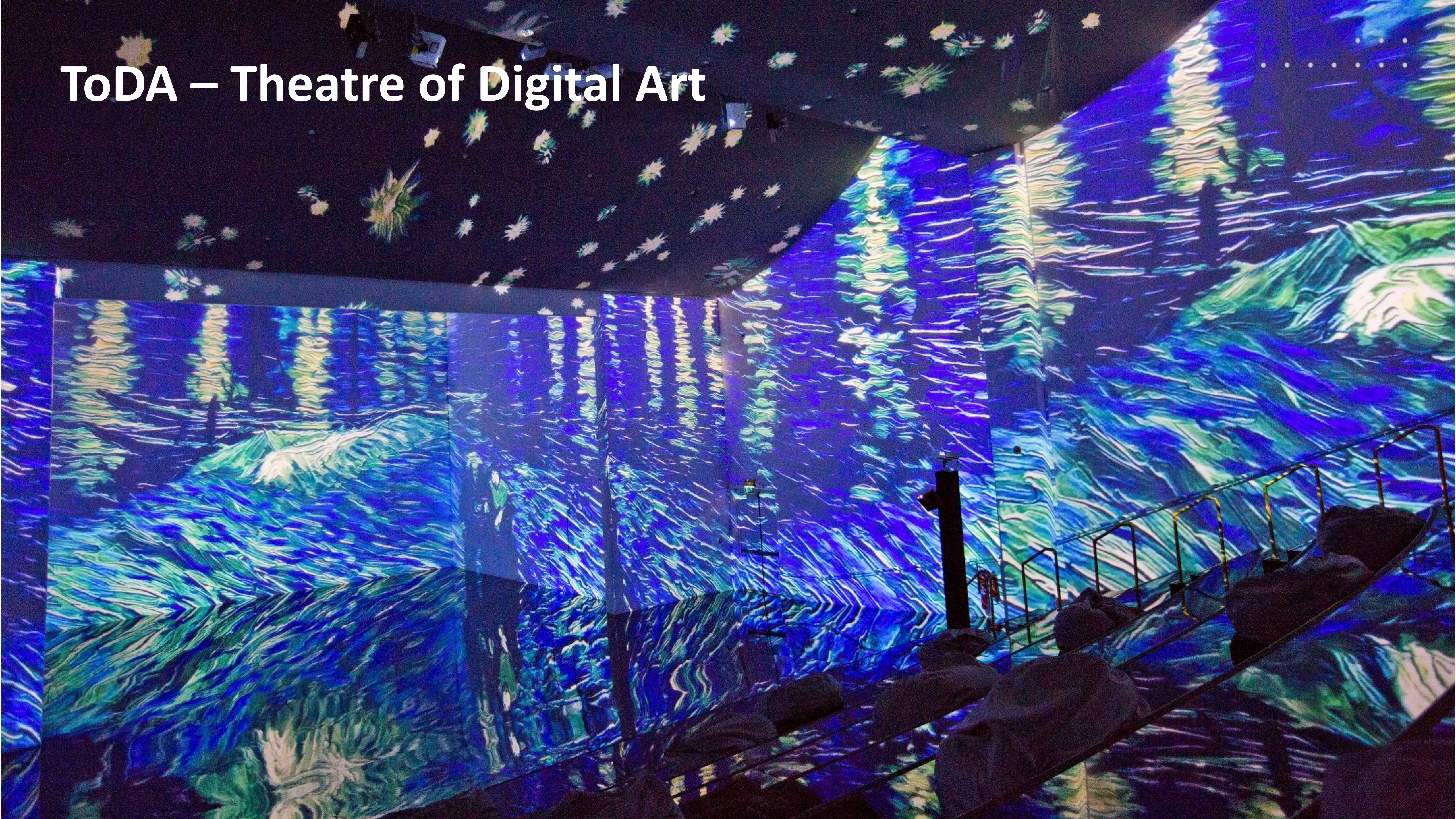
Theatre of Digital Art (ToDa) Dubai, UAE

ToDA is the very first and unique Theatre of Digital Art in the UAE which offers its visitors to experience art differently from a gallery visit. Its uniqueness lies in the modern, immersive way of discovering masterpieces of the world's most notable artists (including Claude Monet, Vincent Van Gogh, Paul Cézanne, Wassily Kandinsky and more) as well as contemporary digital artists.

- Projectors selected for ToDA had to add maximum brightness, colour and light to bring the best out of the artistic work being portrayed
- NMK and Epson worked on the initial design provided by ToDA to achieve the required scope
- Alongside the system integrator, NMK deployed 18 state-of-the-art Epson pro projectors up to 15,000-lumens, offering laser sharp images for large rooms and venues (low maintenance and 4K enhancement).
- NMK also included a variety of lenses to increase flexibility for high-quality images in narrow spaces



ToDA – Theatre of Digital Art



Expected market trends

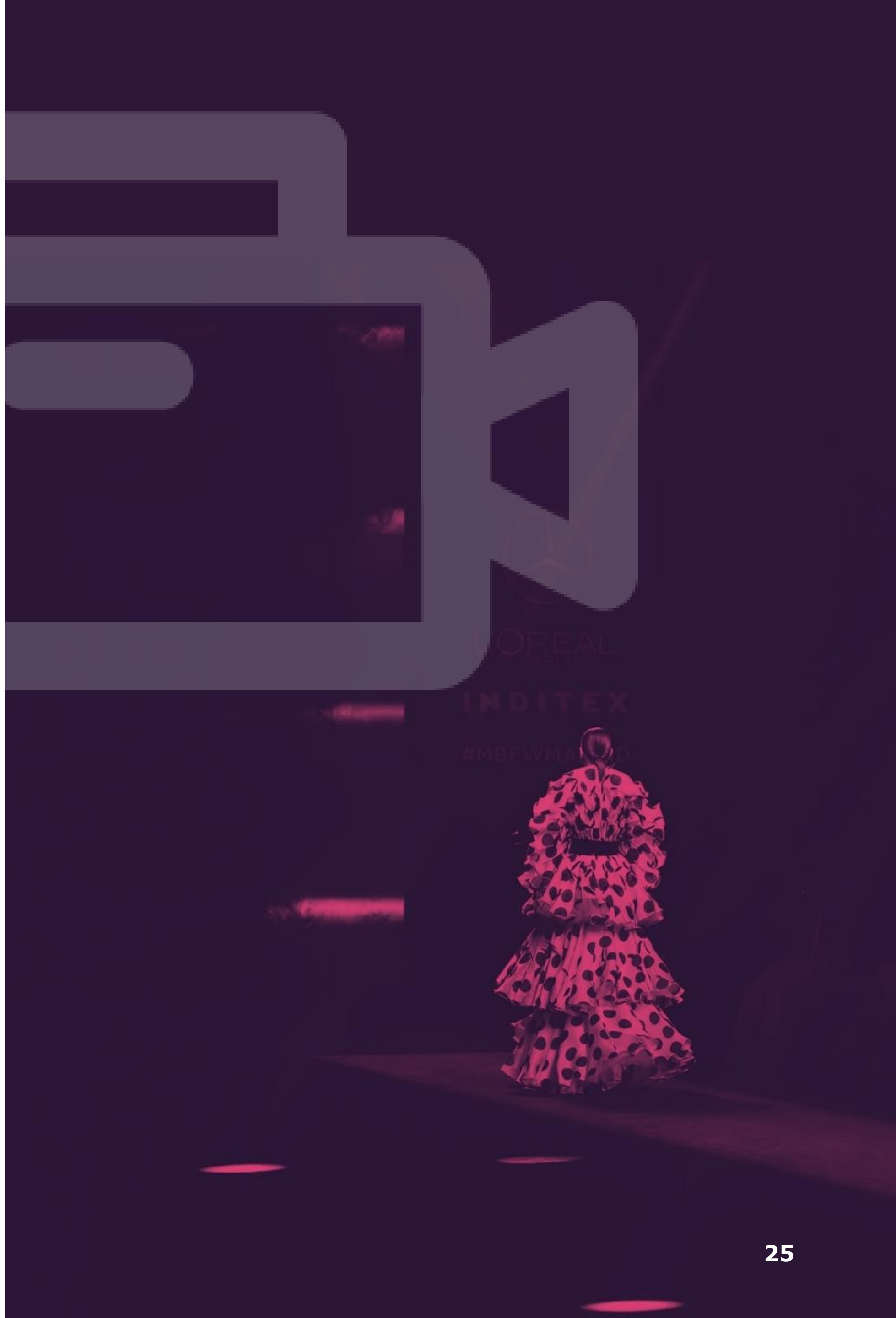
Corporate
- COVID-19 has accelerated hybrid working adoption and widespread cloud conferencing usage;
- Even businesses who reject a hybrid model will need to invest in solutions to support those self isolating and to plan for continuity in the event of further outbreaks and consequential restrictions;
- Technologies likely to be a major part of these changes are communications, collaboration, broadcast and recording solutions;
- This is likely to represent an opportunity for us - we have a great offering.

Education
- Continued investment in education is expected, particularly following the major disruption caused by the pandemic;
- This has always been a strong market for us – and our portfolio has improved even further;
- Investment in hybrid in-class and remote teaching is underway and technology refresh from projection to touch displays has been hastened to make hybrid teaching easier.

Broadcast/ media
- Significant backlog of investment in new content due to social distancing and inability to travel;
- With the increased demand for virtual and online options in conferences and events the broadcast and live streaming solutions can expect growth.

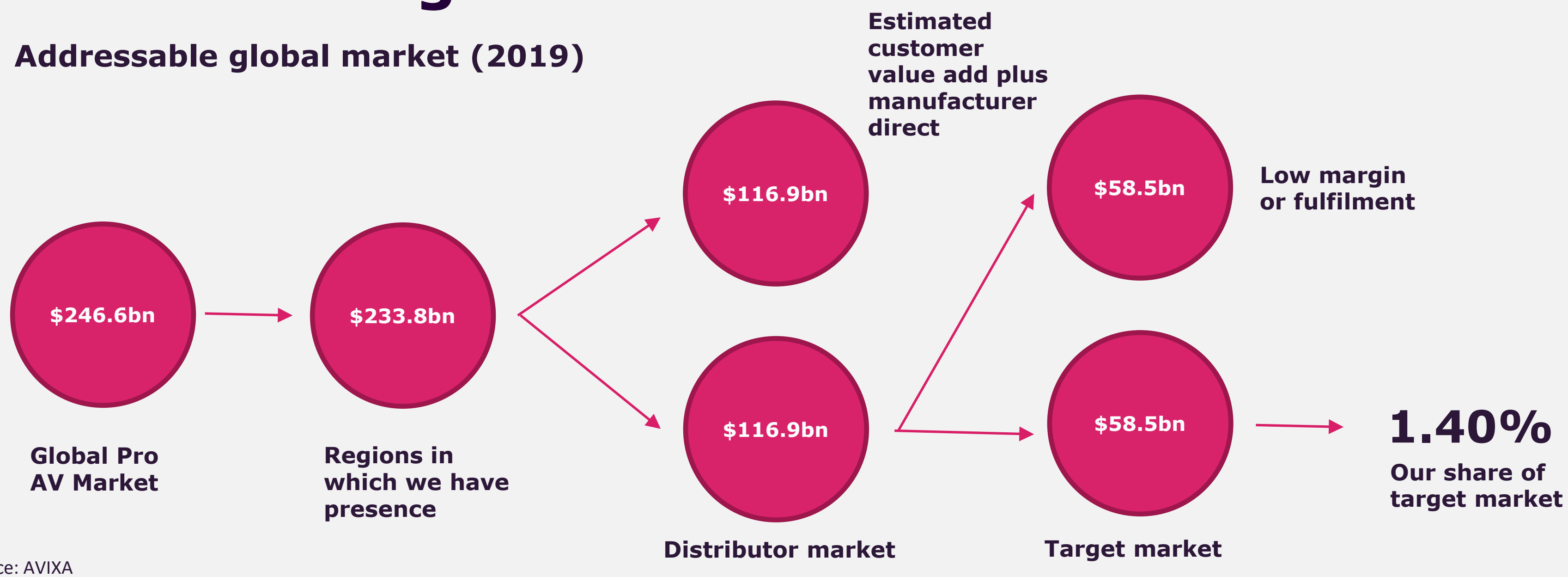
Venues/ events
- Has been particularly badly affected. Recovery not expected for some months, but we are seeing early progress.

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



Market share guidance

Addressable global market (2019)



Source: AVIXA

Additional potential upsides from:

- **increase service revenue;**
- **take direct business through the channel;**
- **take some fulfilment business;**
- **move into Latin America;**
- **expand non pro AV business**

Group revenue excludes ceased fulfilment business, document solutions and consumer AV.

Local market performance and potential

	UK&I	Germany	France	Australia
Number of brands carried	232	101	92	69

	2019	2020	2019	2020	2019	2020	2019	2020
Displays market:								
Market growth		(28%)		(9%)		(38%)		(30%)
Our share of target market	73%	72%	11%	13%	20%	27%	33%	45%

Source : Midwich data and Futuresource

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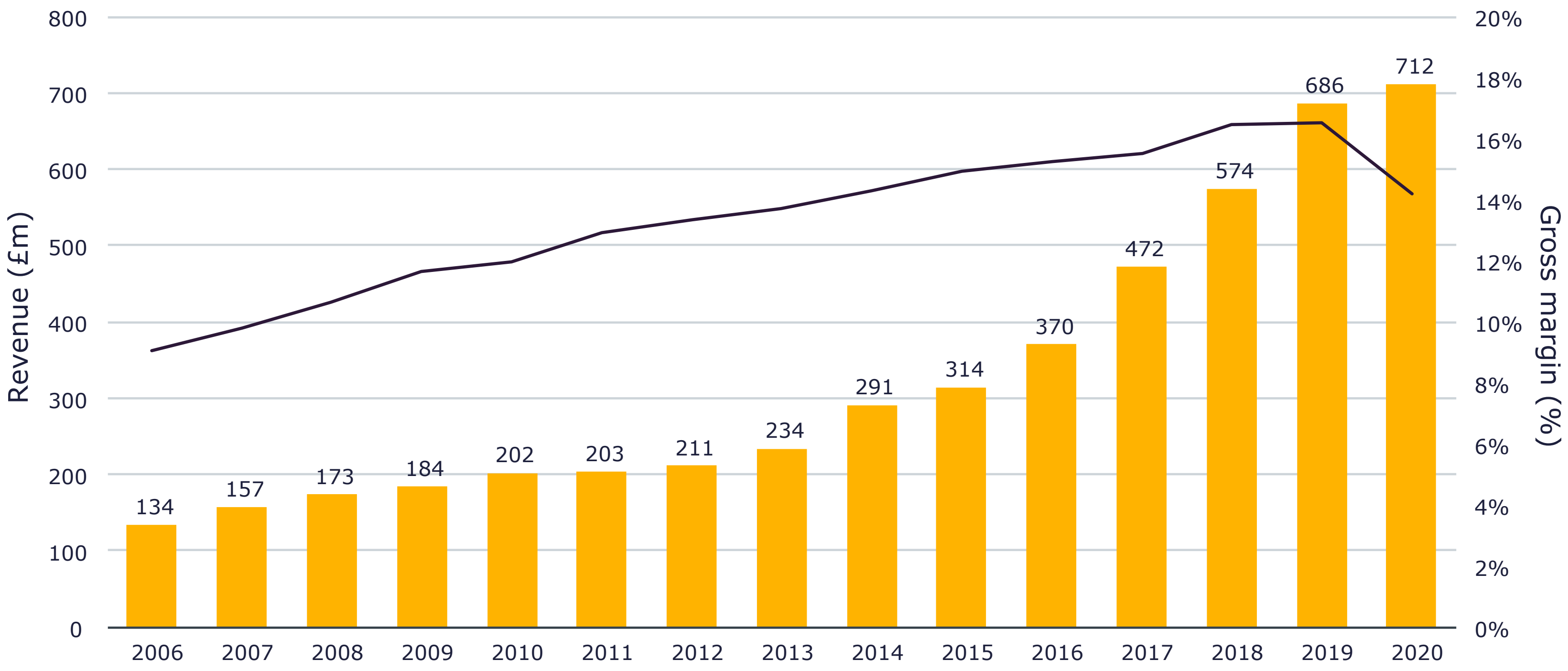
Long track record of growth

Fourteen years of revenue growth. Thirteen years of GP% growth



Why Midwich?

WHY OUR CUSTOMERS CHOOSE US

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

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

WHY OUR VENDORS CHOOSE US

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

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

Demand drivers in the AV Industry

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

Market Data – AVIXA 2021

Global Pro AV Market Size by Region - 2021

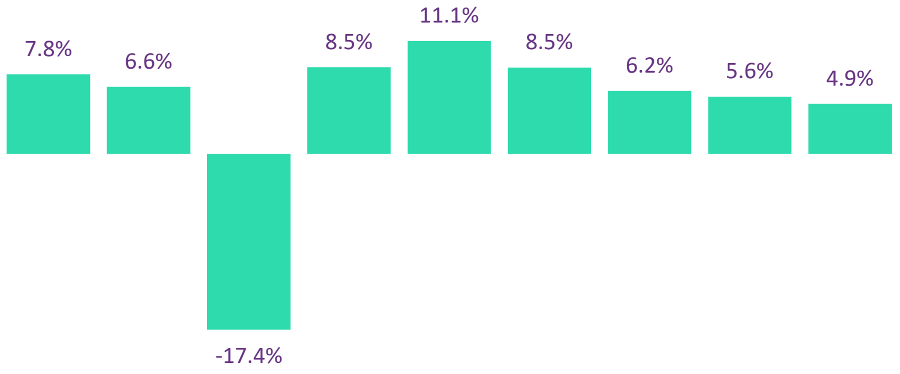
Geographic Area	Share of Global	Total Revenue ($bn)
Europe	22%	51.0
Middle East & Africa	4%	10.4
North America	32%	73.1
Latin America	5%	10.5
Asia Pacific	37%	86.8
Total	**100%**	**231.9**

Global Pro AV Market – Key Geographical Areas- 2021

Geographic Area	Share of Global	Total Revenue ($bn)
USA	22%	67.2
China (Mainland)	16%	52.5
Middle-East & North Africa	3%	8.8
Rest of South America	1%	3.5
Germany	3%	9.0
Rest of Western Europe	2%	5.1
Central Europe	3%	8.7
Brazil	1%	4.2
UK	2%	6.0
Canada	2%	5.9
South East Asia	2%	6.1
Japan	3%	8.8
France	2%	5.8

Global Pro AV Market Revenues ($m)

2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	CAGR (20121-2026)
225.0	242.6	258.6	213.7	231.9	257.7	279.6	296.9	313.6	329.0	7.24%



Geographic Area	2021	2026	CAGR
Europe	51	70.4	6.64%
Middle East & Africa	10.4	14.6	6.96%
North America	73.1	101.7	6.83%
Latin America	10.5	15.1	7.48%
Asia Pacific	86.8	127.2	7.94%
Total	**231.9**	**329.0**	**7.24%**

Midwich Group revenue accounted for

0.3%

of the total global market in 2021

Our 2021 ESG goals

Our People

- Safely welcome our teams back to our offices
- Welcome NMK Group to the Midwich family
- Resume face to face social activities

The Environment

- Create internal environment teams to champion being greener
- Reduce our intensity ratio vs 2019
- Increase our percentage of low emission vehicles in the fleet

Charity support

- Every Group company to have a nominated local charity
- To contribute over £20,000 to our chosen charities
- To contribute over 100 hours to support charities

The Community

- Every office to have a community programme
- To donate AV equipment to local schools

Group results highlights
6 months ended 30 June 2021

	6 months to 30 June 2021 £m	6 months to 30 June 2020 £m	Growth %	Constant currency growth %
Revenue	390.1	302.0	29%	30%
Gross Profit	59.1	43.8	35%	36%
Gross profit margin	15.1%	14.5%		
Adjusted operating profit[1]	13.9	4.1	238%	240%
Adjusted profit before tax[2]	13.0	3.2	304%	306%
Adjusted profit after tax[2]	9.1	2.4	277%	278%
Adjusted EPS[2]	9.75	2.67	265%	

1 Adjustments are costs relating to the initial public offering, acquisition costs, share based payments, amortization of acquired intangibles
2 Adjustments are costs relating to the initial public offering, acquisition costs, share based payments, amortization of acquired intangibles and put and call option finance costs

Midwich Group Plc

Regional results highlights – H1 2021

Region	Revenue H1 2021 £m	Revenue H1 2020 £m	CFX %	Org %	GP % 2021	GP % 2020	GP % Change
UK&I	128.6	103.1	24.8%	24.8%	15.4%	15.5%	-0.1%
EMEA	210.2	127.2	66.2%	58.2%	14.5%	14.5%	-
APAC	22.2	21.7	(2.4)%	(2.5)%	17.7%	15.7%	+2.0%
North America	29.1	50.0	(36.3)%	(43.5)%	17.2%	11.9%	+ 5.3%
Total	**390.1**	**302.0**	**30.1%**	**25.6%**	**15.1%**	**14.5%**	**+0.6%**

Adjusted operating profit[1]	£m	£m	CFX %
UK&I	4.9	2.1	136.0%
EMEA	9.1	2.0	342.3%
APAC	0.5	0.4	21.0%
North America	1.1	0.7	89.3%
Group	(1.7)	(1.1)	
Total	**13.9**	**4.1**	**240.2%**

Note, North America growth is impacted by the exit of low margin fulfilment activity in 2020. Excluding this impact North America organic growth was 30% in the period.

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

1 Adjustments are costs relating to the initial public offering, acquisition costs, share based payments, amortization of acquired intangibles
2 2019 restated to reflect the adoption of IFRS 16 and to include amortisation of patents and software

Adjustments to statutory results – H1 2021

£m	H1 2021	H1 2020
Statutory operating profit/(loss)	**7.6**	**(0.7)**
Acquisition related expenses	0.3	0.4
Share based payments and employer taxes	2.4	1.3
Amortisation of acquired intangibles	3.6	3.1
Adjusted operating profit	**13.9**	**4.1**

Statutory profit after tax	**4.6**	**(2.8)**
Operating profit adjustments (above)	6.3	4.8
Derivative movements and FX gains/losses on borrowing for acquisitions	(1.5)	0.5
Finance costs – change in carrying value of deferred consideration/Put & call options	1.1	0.4
Tax impact of adjustments	(1.1)	(0.5)
Adjusted profit after tax	**9.4**	**2.4**

Note, adjusted profit after tax after non-controlling interests is £8.9m for H1 2021 (£2.3m H1 2020)

1 Adjustments are costs relating to the initial public offering, acquisition costs, share based payments, amortization of acquired intangibles
2 2018 restated to reflect the adoption of IFRS 16 and to include amortisation of patents and software

Modelling considerations

Acquisitions	M&A/deferred consideration payments c.£6.5m in H2 2021
ERP amortisation	New ERP amortisation now expected to commence in 2022 Annual charge c.£0.5m
Interest (adjusted)	Expected to be £2.5m-£3m before further M&A
Tax	Effective rate 27-28% of adjusted profit
FX	c.3% headwind at current FX rates
Capex	Full year to be c£6-7m including ERP
Dividend policy	Resumption of dividends at 2-2.5 times cover


Midwich
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