Taking technology further.

Midwich Group

Annual Report and Financial Statements 2024

Partnering with the world's leading technology companies to accelerate growth.

Read how Midwich Group is enabling tomorrow p.89, **taking technology further** p.7 **and bringing people together** p.63.

Midwich Group is a global network of specialist technology distributors. Our teams leverage relationships and deep product knowledge to take innovation to market and help manufacturers and our customers connect across the world, with operations in UK&I, EMEA, North America and APAC.

We specialise in technology solutions which bring people together to make society more efficient, more impactful or more exciting. From state of the art meeting rooms to a festival main stage, audio visual technology is all around us, helping the world connect, communicate and experience wow moments.

Our purpose

With services ranging from product distribution to complex system design, focused marketing campaigns to flexible financing solutions and showcase events to seed funding for start-ups, our ever evolving offering is tailored to add value and solve our partners' biggest challenges.

Our culture

Our culture is built around our people, fostering an environment where everyone feels valued. Collaboration, innovation, and excellence shared across regions, strengthen our teams, enabling them to perform at their best. By nurturing a positive, inclusive workplace, where everyone thrives, we enable our people to deliver exceptional service and contribute to the ongoing success of the Group.

Our values

Partnership

Integrity

Ambition

Excellence

TO READ MORE ABOUT US USE THE QR CODE

Strategy

READ MORE ABOUT OUR STRATEGY P.24

FINANCIAL HIGHLIGHTS.

Statutory measures

Revenue

£1,317m

2023: £1,295m

Operating profit

£24.1m

2023: £41.6m

Gross margin

17.8%

2023: 17.5%

Basic EPS

15.69p

2023: 27.98p

Adjusted performance measures

Adjusted operating profit^

£48.3m

2023: £59.6m

Adjusted cash flow conversion^

97%

2023: 114%

Adjusted profit before tax^

£38.3m

2023: £50.0m

Adjusted net debt^

£130.6m

2023: £82.6m

OPERATIONAL HIGHLIGHTS.

— Further delivery of the Group's strategic goals with a record revenue and gross margin, despite continued challenging macro conditions

— Revenue growth of 3.5% at constant exchange rates, with organic sales 1.4% below the prior year against a challenging market backdrop

— Highest ever gross profit margins of 17.8%, substantially ahead of the prior year (2023: 17.5%)

— Adjusted operating profit of £48.3m reflects a resilient performance in a tough market with strong Adjusted cash flow conversion of 97%

— Four small tuck-in acquisitions 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

^ See pages 106 to 107 of the Group financial statements for definitions of non-GAAP measures and pages 31-35 for the reconciliations of non-GAAP measures to statutory reported results.

Contents.

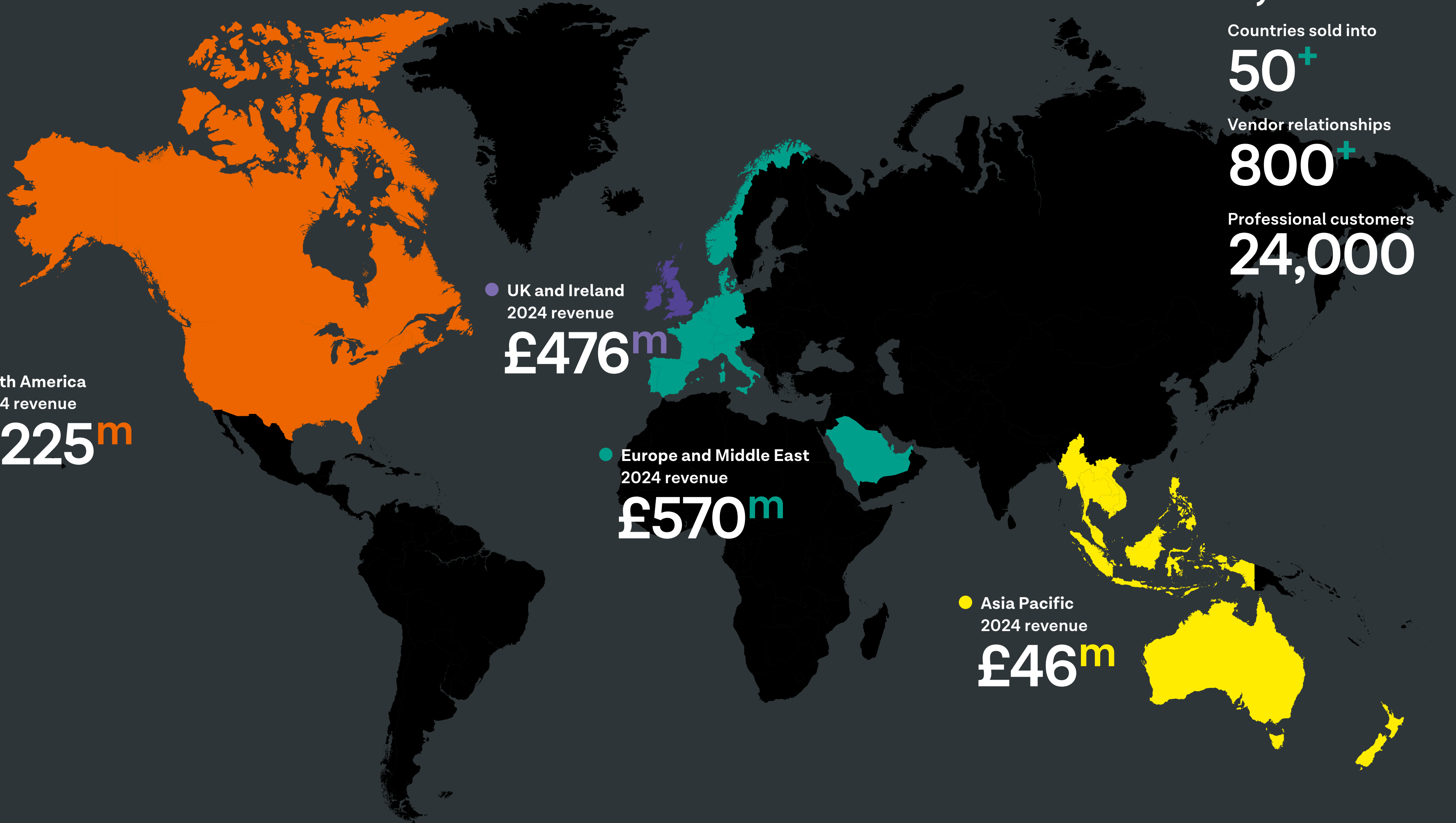
AT A GLANCE.

Number of colleagues
1,800+

Countries sold into
50+

Vendor relationships
800+

Professional customers
24,000



TECHNOLOGY COVERAGE.

Signal Management
From IPTV to digital signage and image processing systems, there is ever-increasing complexity in connectivity, content and control.

Professional Audio
Provision of class-leading audio for the installed audio, concert sound and studio broadcast industries.

LED
LED displays deliver across a wide range of applications without compromise: seamless, high brightness, scalable to any shape or size and versatile in set-up.

Projection
Offering a selection of projectors and projection screens to suit all needs and budgets. The key market driver is the introduction of projectors that are laser light sourced.

Display
Businesses in almost every market you can think of are deploying increasing numbers of screens. Commercially, displays have become ever more prevalent with the increase in touch enabled apps.

Security
The rise of digital capability and image quality, along with remote access and a requirement to secure homes and businesses, has led to an ever evolving demand.

Unified Communications (“UC”)
The rise of the so-called “huddle room” means a new generation of video and audio meeting room technology has become available.

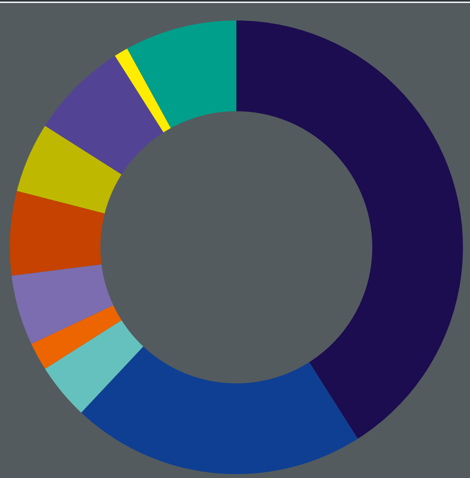
Lighting
Distribution of spectacular, professional lighting and accessories for theatres, concerts and live productions.

Broadcast
Providing professional equipment and solutions enabling live and recorded TV and video production along with supporting post-production, encoding and streaming.

WHO WE SERVE.

Our customers are always professional technology providers, but encompass a diverse range across system integrators, live events production companies, specialist resellers and global e-tailers.

These professionals are responsible for designing and installing cutting-edge audio visual solutions for end users.



Our end user markets

Corporate	41%
Education	21%
Hospitality	4%
Travel	2%
Healthcare	5%
Broadcast/media	6%
Government	5%
Venues and events	7%
Residential	1%
Retail	8%

Source: Midwich internal estimates

Our investment proposition.

A market-leading position with room to grow.

- We are the leading global specialist distributor of audio visual technology with a presence in all of the world's key markets
- The professional audio visual market is estimated to be worth $325bn globally and is expected to grow by 5.4% per annum to 2029 (source: AVIXA IOTA 2024)
- Our current revenues represent less than 4% of our estimated target addressable market ("TAM")

Estimated share of TAM

4%

READ MORE P.16

A clear strategy with solid foundations.

- Our strategy of scale, geographical coverage and specialisation has remained consistent since our IPO
- We have delivered strong organic growth, coupled with a progressive M&A strategy
- Our long-term customer and vendor relationships provide significant barriers to entry
- We have the strongest team in the industry, supported by continued investment in our people and our infrastructure, including experience centres

Compound five-year revenue growth

14%

READ MORE P.24

A proven track record and strong financial position.

- Long track record of consistent and resilient revenue and profit growth
- Product portfolio management skills combined with a high degree of repeat business
- Strong cash generation and funding position
- Successful M&A track record with strong returns

Acquisitions since IPO

30

READ MORE P.26

A values-based culture.

- Experienced and stable management team
- High levels of team engagement and share ownership
- Long-standing commitment to sustainability

Management and staff ownership

20%+

READ MORE P.79

Delivering record revenue and gross margin.

IN 2024

	Revenue	Gross margin	Adjusted profit before tax	Adjusted cash flow conversion
	£1,317m	17.8%	£38.3m	97%
	2023: £1,295m	2023: 17.5%	2023: £50.0m	2023: 114%

AND OVER THE LAST 5 YEARS (CAGR 2019-2024)

Revenue growth	Organic revenue growth (average)	Adjusted operating profit (average)	Average adjusted cash flow conversion
+14%	+5%	+8%	92%

30 acquisitions since IPO.

2016
Holdan UK
Wired New Zealand

2017
Earpro Spain and Portugal
Van Domburg Partners Netherlands
Sound Technology UK

2018
New Media Germany, Austria and Switzerland
Perfect Sound France and Switzerland
Blonde Robot Asia Pacific region

2019
Mobile Pro Switzerland
Prase Italy
AV Partner Norway
EES Spain

2020
Starin Marketing USA
Vantage Systems Australia

2021
NMK Group UAE and Qatar
eLink Distribution AG Germany
Intro 2020 UK

2022
Cooper Projects Limited ("DVS") UK
Nimans Limited UK

2023
S.F. Marketing Inc. Canada
HHB Communications Holdings Limited UK
Pulse Cinemas Holdings Limited UK
Toolfarm.com Inc. USA
Digital Media Promos Inc. ("76 Media") USA
Video Digital Soluciones S.L. Spain
prodyTel Distribution GmbH Germany

2024
The Farm USA
Dry Hire Lighting Limited UK
UK Fire & Safety Limited UK
Direct Cable Systems Limited UK

With an outlook for long-term growth.

Organic revenue.

- Structural market growth (AVIXA c. 5–6% per annum)
- Trend towards increased use of distribution
- Further market share opportunities – notably in North America

Gross margin progression.

- Continue to focus on higher-margin technical products
- Continue value-added approach
- Focus on new software/services/rental revenue streams

Enhanced by M&A.

- Fragmented market, with many opportunities
- Proven acquisition and integration model
- Demonstrable ability to add value to businesses acquired

Cost base management.

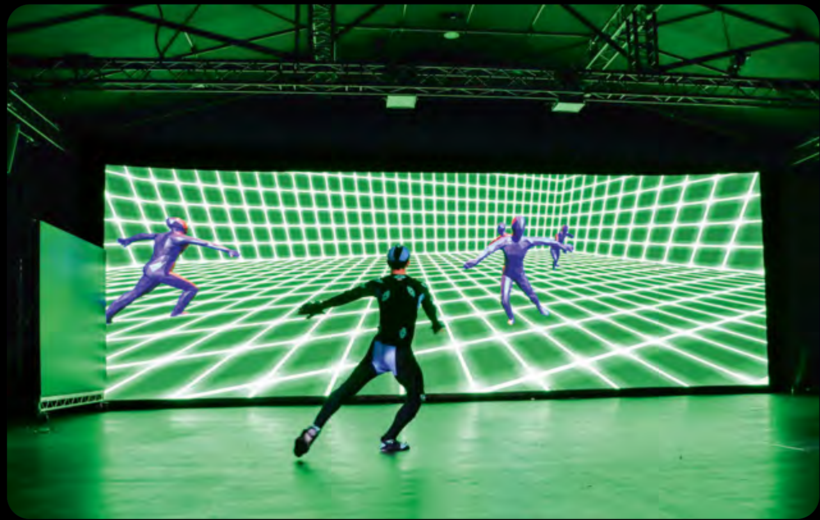
- Operational leverage from scale
- Productivity from new systems
- Interest cost upside if rates fall

Contents.

Strategic Report.

Case study

TAKING TECHNOLOGY FURTHER.



Virtual production studio success

Collaboration and innovation have redefined filmmaking with the creation of a cutting-edge virtual production studio by Target3D, PSCo, Absen, and Brompton Technology.

Transforming filmmaking through technology

Virtual production, a groundbreaking integration of live-action footage and real-time CGI, is reshaping the film industry by seamlessly blending the digital and physical worlds. Target3D, a leader in motion capture and 3D technology, partnered with Digital Catapult and PSCo, a Midwich Group business, to deliver an innovative virtual production studio.

Building the future of filmmaking

The situation

Target3D aimed to develop a modular and flexible studio that exceeded conventional virtual production setups. Collaborating with PSCo, Absen, and Brompton Technology, the team addressed complex challenges, including acoustic optimisation and advanced LED integration, to meet diverse production needs.

The outcome

The result is a state-of-the-art studio featuring a 10.5m x 3.5m Absen LED backdrop powered by Brompton's cutting-edge technology, ensuring unmatched colour accuracy and performance. With over 2,000 pieces of equipment and a hardware-agnostic design, the studio offers unparalleled flexibility for production, training, and innovation.

Why it matters

This project highlights the Midwich Group's ability to enable pioneering partnerships and technologies, demonstrating its leadership in delivering tailored, high-impact solutions that drive creativity and business growth.

TO READ MORE ABOUT THE STORY USE THE QR CODE

Andrew Herbert
Non-executive Chair

Revenue
£1.3bn

Gross margin
17.8%

Adjusted operating profit
£48.3m

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 margin, 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 margin 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.

> **"The Group is well placed to benefit from its global scale to develop and deploy solutions such as e-commerce and AI."**
>
> **Andrew Herbert**
> Non-executive Chair

1 Source: AVIXA.

Training our teams in new products and technology

> **"Our industry-leading position and diversity of geographies and technical solutions enabled the Group to respond to this challenging market backdrop. Record revenue and gross margin in 2024 are testament to our team's exceptional resilience, knowledge and commitment."**

Andrew Herbert
Non-executive Chair

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.

Corporate governance *continued*

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 (see pages 40 and 41).

"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."

Andrew Herbert
Non-executive Chair

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 (see page 55).

"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."

Andrew Herbert
Non-executive Chair

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

Stephen Fenby
Group Managing Director

"In tough market conditions, the team has continued to perform very well – balancing the continued focus on best-in-class customer service whilst delivering on the needs of our vendors."

Stephen Fenby
Group Managing Director

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.

^ Constant currency.

* Futuresource Consulting.

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 late 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 7%. 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.

AV Channel customer presentation at Innovation House, Experience Centre

Capital allocation

Our capital allocation framework delivers compounding growth as well as increasing returns to shareholders.

1. Organic investment in working capital, infrastructure and our teams to develop and grow the core business.

2. Organic investment in new technologies or brands to support above-market growth.

3. Acquisitions to add new product capabilities and/or new geographies.

4. Progressive dividend policy and/or share buyback to recognise our shareholders' support.

Disciplined approach to investment, returns and capital efficiency.

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.

* Futuresource Consulting.

^^ Source: AVIXA.

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.

READ MORE P.16

"We have further enhanced the strength of our relationships with our customers and vendors alike over the last twelve months."

Stephen Fenby
Group Managing Director

Strategy in action

LED installation project at Belgian TV studio

Van Domburg, a Midwich Group company, lights up late-night TV in Antwerp.

Absen's K Plus was chosen as the videowall backdrop for a late-night panel discussion on Belgian mainstream television. The 3.2 million pixel display delivers relevant content to complement the lively on-screen debates. The screen was supplied by Van Domburg Partners, a leading LED distributor in the Benelux region.

The situation

De Tafel Van Vier is a popular late-night chat show on Play4, a Belgian-Flemish commercial television channel which is filmed at Pay Zuid, a live entertainment venue and TV studio in Antwerp. The show is hosted by Gert Verhulst, a well-known media personality in the region, and covers current affairs that can provoke lively debate amongst the host and panellists.

The live entertainment venue and TV studio upgraded to the cutting-edge Absen LED wall to amplify the show's talking points. The installation required a 10x2m LED wall to display still images, animated graphics and video playback, to set definition for televised programming.

The outcome

Laurens De Baere, account manager at Van Domburg Partners, commented "We faced the challenge of needing to provide a high-quality product that met the demands and knowing they can achieve incredible on and off-camera performance at a competitive price point, achievable for a wide range of clients."

Q&A.

A conversation with Stephen Fenby.

"Having developed a level of expertise, delivering it consistently is critical. Consistency means that our customers, vendors and other partners know what to expect from us every time."

Stephen Fenby
Group Managing Director

Stephen Fenby
Group Managing Director

Q. After a challenging eighteen months or so, do you think the Pro AV market will bounce back, and if so, when?

A. All of the long-term market trend forecasts I have seen suggest that the AV market is set for future growth. The fundamental uses for our products remain – either to improve efficiency at work or to entertain. Although government funding limitations, and investment hesitation by corporates have impacted the market recently, we believe that a refresh cycle is due within the next two years or so. Although the Midwich team is positive about our future and that of our industry, we have stopped giving predictions as to when a turnaround might occur!

Q. Does the continued commoditisation of display and projection technologies mean that the Group needs to rethink its long-term strategy?

A. One consistent feature of the technology market as a whole is that it innovates rapidly, and products can commoditise. Although we have maybe seen a more rapid commoditisation of certain product areas recently, this is not a new phenomenon. Our long-term strategy has been, and continues to be, to focus on parts of the market that are ahead of the commoditisation curve. Whilst we remain committed to our core strategy, we do need to ensure that we are agile and move quicker into new product areas. For example, the Midwich Ignite business, which invests into new technologies in our market, has shown us the wealth of new innovation in the AV sector and it has already given the Group new commercial opportunities which can be delivered quickly.

Q. What shape will the business be in when the market recovers?

A. Whenever we have seen market shocks in the past (through, for example, the financial crisis or COVID-19), our focus areas have been short-term cash management, improvement in productivity/efficiency, maintenance of the core team and high service levels to our customers and vendors alike. These areas remain of primary focus to us and as a result I believe that we will be able to benefit significantly from even a modest upturn in the market.

Q. What do you have planned for 2025?

A. In addition to maintaining high service levels, our key focus areas include improving productivity (through particularly the use of technology solutions) to support profitable growth, working capital management, expanding our vendor portfolio, growing the customer base, moving into new territories and identifying new technology prospects for the Group. We are also exploring a number of interesting M&A opportunities.

Our markets.

We specialise in technology solutions which bring people together to make society more efficient, more impactful or more exciting.

Whether at work or home, celebrating or learning, experiences are enhanced by what we see, hear and feel.

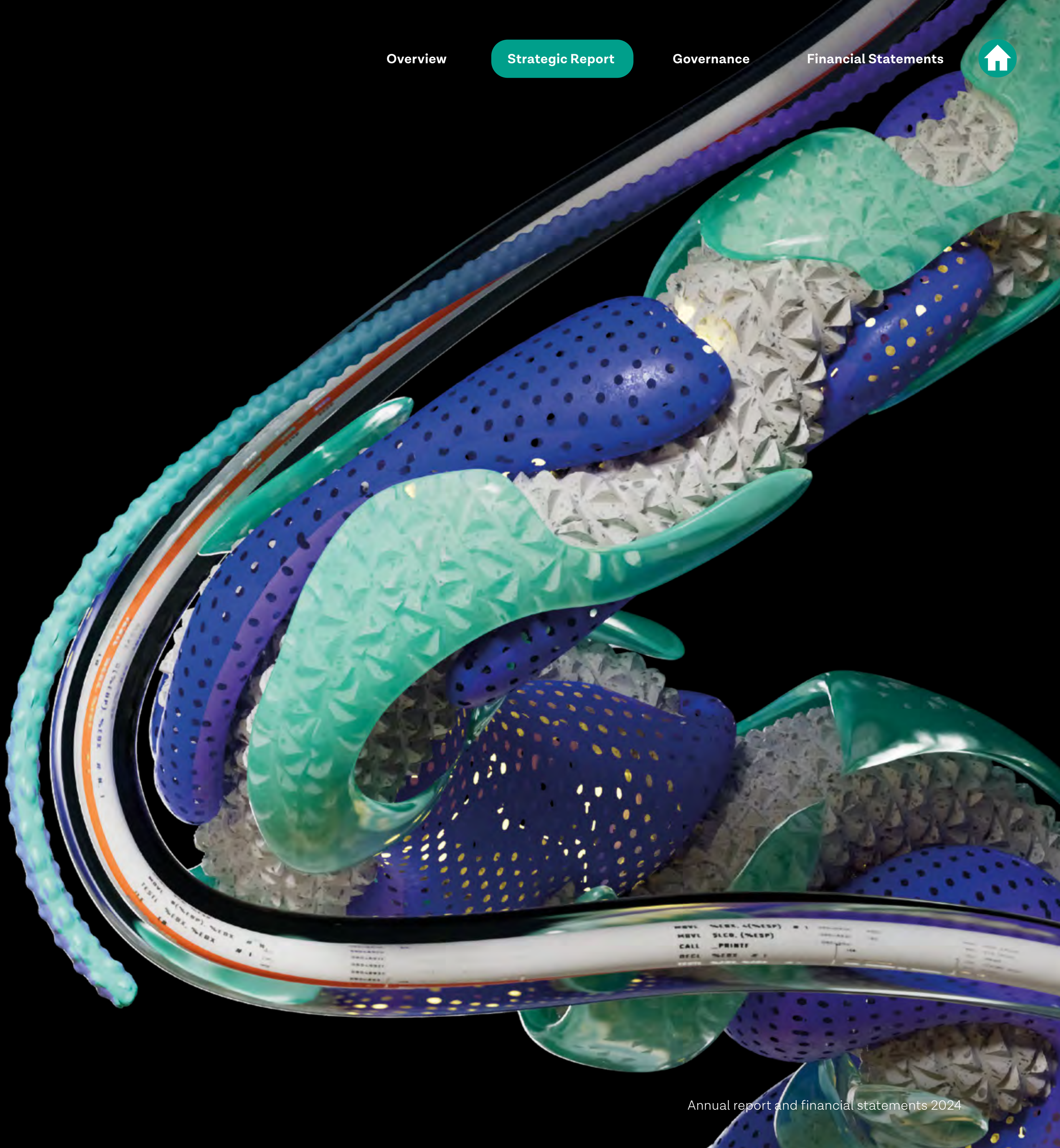
In an ever evolving technology driven world, audio visual solutions are used in a vast number of ways.

From digital signage driving more impactful advertising, video conferencing enabling more efficient communications, security cameras and control centers ensuring we stay safe, to speakers keeping us dancing, its applications are almost limitless.

Industry data indicates that the global Pro AV market was $325bn in 2024. The market is forecast to grow at 5.4% over the five years to 2029 (source: AVIXA 2024).

We believe that together, Midwich Group companies create the largest specialist AV distributor in the world, and we have consistently gained market share and are well positioned to continue to further grow our share of this large and fragmented global market.

Despite revenue of £1.3bn in 2024, the Group represents less than 1% of the global market and less than 4% of our target addressable market (source: Midwich assessment).



Taking technology further: growing use of AV products and technology.

Link to strategy

Specialisation

Geographical coverage

Scale

The global AV market has grown and evolved significantly over the last 25 years with both cultural and technological changes increasing the demand for AV solutions. There are multiple demand drivers in the AV industry, including:

— Improved effectiveness/efficiency – improved learning: for example, collaborative solutions give teachers real-time analysis of students' understanding of lessons;

— Cost savings – reducing people costs, for example using touch screens to take orders in food outlets, and reducing waste by eliminating single-use marketing materials;

— Competitive advantage – improved customer proposition: for example, extensive use of innovative AV solutions enhances audience experience at live events;

— Environmental considerations – reduced carbon footprint: for example, unified communications allow highly productive meetings to take place without the need for people to travel; and

— Safeguarding – improved safety solutions: for example, the use of high-end audio solutions to improve evacuation procedures at large venues.

Continued research and development in the sector are expected to create further advances, increasing applications and therefore use of AV.

In addition, there is an established renewal cycle for AV products, ensuring a base level of demand.

How we're responding

Our businesses are specialist distributors serving only the professional market and specialising in the broad range of AV equipment.

Our primary role is to facilitate growth in the markets in which we operate, and our ability to help our manufacturer partners to gain access and grow their businesses is a particular strength of the Group.

The Group has a long-standing programme of supplementing its organic growth with the acquisition of smaller businesses which provide it with access to new products, sectors and geographical markets. Our general strategy is to acquire businesses which not only add to the Group's capabilities, but which also provide exciting opportunities for growth and widen our addressable market. We continue to have significant success with this strategy.

The Group accesses new technologies and applications through close contact with innovative manufacturer partners. Our intimate knowledge of the market and trends means that we are able to feed into manufacturer product development programmes. This helps our partners to develop and exploit commercially focused products.

Our sales and marketing operations, backed by strong product and technical knowledge, help us develop markets for technologies at the early stage of their lifecycle and our product portfolio allows customers to build complex and innovative turnkey systems.

The Group continues to invest in training facilities which we use to educate our customers in specific technologies and market development opportunities.

Further details in respect of our end user markets are as follows:

CORPORATE.

The corporate market principally covers offices, including meeting rooms, huddle spaces, conference rooms and reception areas. The use of technology within the corporate market is widespread, and AV technology has been used increasingly to aid the efficiency and effectiveness of operations.

Global trends towards both remote/hybrid working and reducing the environmental impact of travel have resulted in further investment in the corporate market as end users contemplate their future office strategy.

Our belief is that as offices continue to adapt to changing working styles, there will be greater adoption of video and audio conferencing technology, which enables staff in offices and working remotely to communicate effectively. We're also seeing corporate end users adopt wider AV technology in their day-to-day lives, from broadcast solutions for marketing and communication to virtual production for content creation.

The Midwich Group product portfolio is ideally suited to these corporate requirements, particularly the strength of our unified communications offering and our ability to demonstrate solutions in our experience centres.

EDUCATION.

The education market covers primary schools through to higher education and is the second most significant market for the Group – particularly in the UK, Germany, France and North America. Through our long presence in this market the Group has built a very strong vendor portfolio, close relationships with customers addressing the education sector and also in-house expertise in supporting the needs of this segment.

The majority of the education market is funded by government as part of its investment in developing the skill sets of its population. Historically, government education spend has tended to be relatively stable, with the occasional addition of significant investment programmes.

Recent trends in this market have included the growth in interactive displays and, more recently, technology to facilitate effective remote learning. The Group's growing portfolio of products addressing the unified communications and broadcast markets improved our offering to the education segment.

LIVE.

The live market covers a broad spectrum of events, from music festivals to theatres to large-scale stadiums and arenas. The return to in-person events post COVID-19 has seen the experiential economy as one of the market's fastest growing segments, with attendees now expecting a world class AV production.

With access to a curated portfolio of audio, lighting and video products, our specialists in this sector provide system design and support to help our customers, who are typically production companies or specialist venue installers.

Other end user market segments are individually smaller and tend to have their own product and support needs, which the Group addresses through its range of specialist businesses and staff. In 2024, these areas have performed particularly well as entertainment, live events, retail and hospitality are increasingly investing in AV solutions to enhance their customers' experiences. Supply chain pressures have also eased in the vast majority of these markets. Our flexible business model allows us to quickly adapt to changes in end user market demand.

The AV equipment value chain.

Our businesses act as a vital connection between global manufacturers and technology professionals, helping brands get their products in the hands of everyone who needs them and providing our customers with the support they need to deliver experiences beyond expectation.

Manufacturer.

From global leaders to innovative start-ups, our manufacturer partners design, create and produce technology equipment.

A Midwich Group business.

Our business provides the services that the professional market needs to deliver exceptional projects, including product supply, training, system design support or product demonstration, which help the manufacturer sell more of its products to a wider market.

OUR DIFFERENCE.

Customer reach and access.

As the trusted partner to over 24,000 customers, we help brands unlock access to a wide number of markets.

Market-leading portfolio.

Partnerships with the leading manufacturers allow us to deliver the highest-quality technology.

Technical expertise.

Our teams know specialist technology inside and out, helping our customers design and build complex solutions.

Complex logistics.

Whether a global rollout or a last minute local delivery, we can support no matter the scale.

Professional market.

Our customers are always professional technology providers but encompass a diverse range across system integrators, live events production companies, specialist resellers and global e-tailers. These professionals are responsible for designing and installing cutting-edge audio visual solutions for end users.

End users.

End users are typically businesses covering the full spectrum of industries, including corporate, live events venues, government, education, retail, leisure and healthcare, plus a smaller number of personal consumers.

Educating the market.

Bespoke training for our customers, sharing our expertise so they stay up to date with the latest technology.

Showcasing solutions.

We bring technology to life at one of our many multi-technology experience centres.

Must visit events.

Our events help launch the latest groundbreaking technologies and connect the industry.

Investing in tomorrow.

We back innovation through our ever evolving services offering and our deep tech investment arm, Midwich Ignite.

A model for **success.**

The Group has a global presence. Operating in every key geographic region, we believe that Midwich Group is the largest specialist AV distributor in the world.

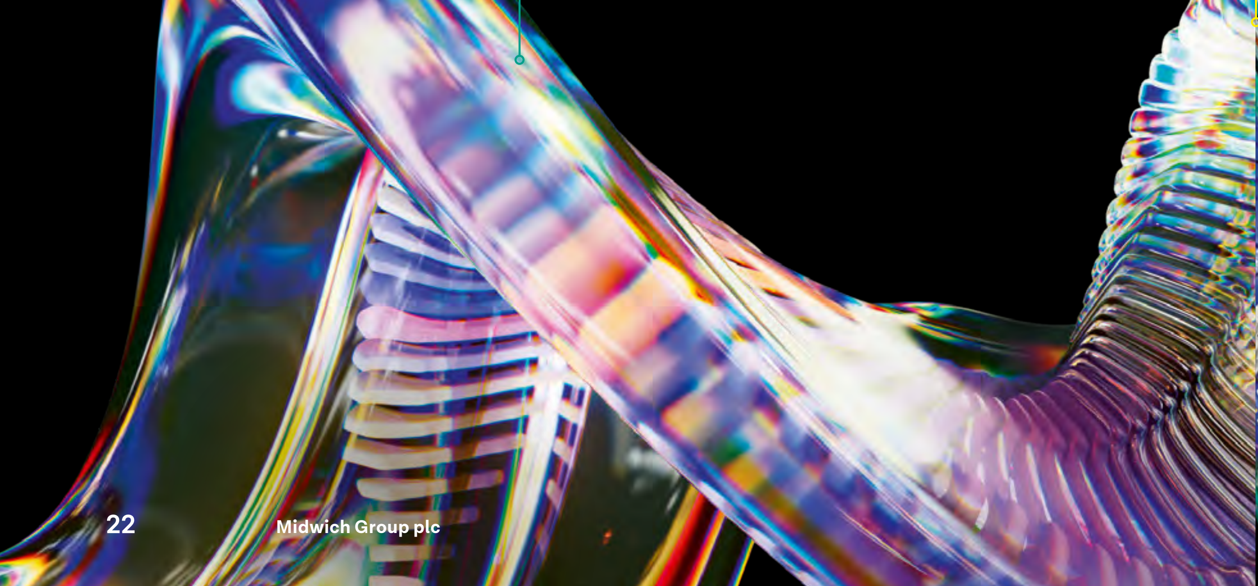
Whilst the vast majority of the Group's revenue is generated through the sale of products, it is the Group's specialist value-added approach that underpins its growth and return on investment.

What makes us different.

Industry expertise
Our industry expertise allows us to specialise and add value to both our vendors and our customers.

Global footprint
Our global footprint makes us the largest specialist AV distributor in the world.

Our approach to acquisitions
Our approach to acquisitions creates scale and growth in value whilst retaining entrepreneurial spirit.



Key resources and capabilities.

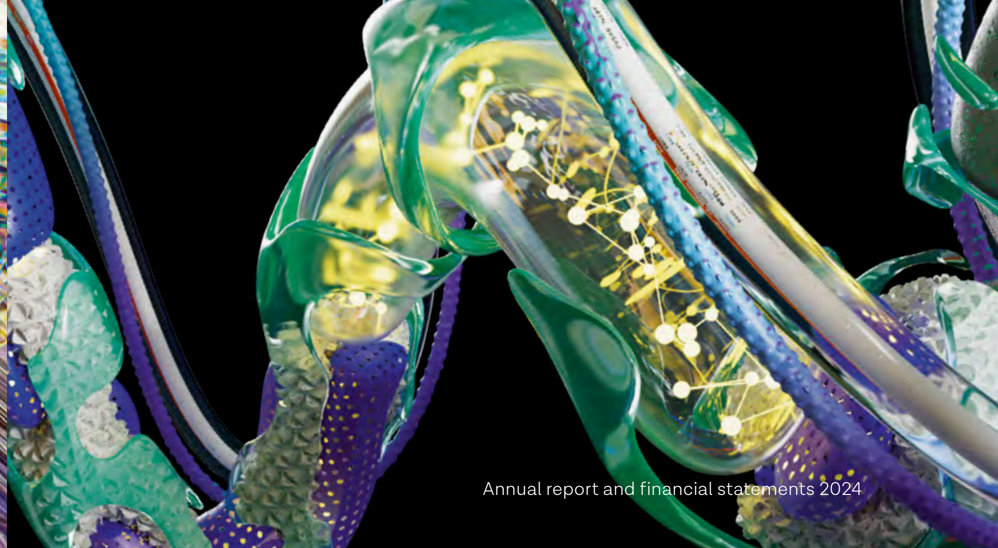
Market-leading AV vendor portfolio
The Group operates as the sole or largest in-country distributor for many of its 800+ vendors.

Stronger relationships with a broad range of focused AV customers
Midwich has the strongest industry team giving customers the support they need to win and deliver successful projects. Experience centres, demonstration facilities and training facilities help develop customer knowledge and support their end user sales activities.

Proven ability to successfully acquire, integrate and grow businesses
More than 15 years' acquisition experience and a strong internal team of M&A, integration and business development specialists have facilitated a steady stream of successful acquisitions.

Depth of up-to-date market knowledge
The scale of our business enables us to track movements in the market such as demand for different technologies and products. Strong internal collaboration helps to share insight amongst the wider Group.

Financial strength
The Group has a strong balance sheet, with substantial bank facilities and supportive shareholders. Our financial strength and capabilities mean the Group is capable of exploiting new opportunities – whether acquisitions, investment in infrastructure or the financing of working capital.



Adding value to Group companies.

Central support
— Specialist departmental/ functional knowledge
— Industry expertise and relationships
— Vendor and customer strategic relationships

Local expertise/a peer group approach
— Departmental knowledge transfer
— Market knowledge
— Vendor and customer relationships

Vendor access
— Significant vendor access for new and existing businesses
— Group reputation is the key factor

Digital infrastructure
— Focus area for enhancement
— Efficiency and commercial opportunities
— Increase upside as we scale

Value generated.

Trade customers
24,000
Customers worldwide

AV manufacturers
800
Number of vendor relationships

Employees
1,800
Employees worldwide

Shareholders
12.4%
Adjusted return on capital employed (page 34)

Our ambition is to build on our position as the leading global specialist AV distributor.

Our mission

At the heart of our strategy is bringing together specialist technology businesses and using the Midwich Group network to help them scale – maximising the value we add to manufactures and customers.

We are ambitious and have a clear goal to take technology further, with organic growth matched by our progressive global M&A strategy.

READ MORE ABOUT OUR STRATEGY P.25

“We are building a network of high-quality, complementary businesses that work together to achieve sustainable organic growth.”

Stephen Fenby
Group Managing Director

Our three strategic focus areas

Our strategy for growth.

SCALE.

Overview

- Our positioning, breadth of coverage and offering allow us to diversify both manufacturer relationships and end user segments, from live events and experiences, to healthcare and the education sector.
- Our decentralised businesses benefit from the resources, opportunities and expertise of a global network focused on a specialist sector. Shared knowledge helps our colleagues, customers and suppliers grow.
- Scale drives our M&A: from attracting target companies, to developing in-house acquisition capabilities, integration and support, and ensuring we have the financial firepower to continue growing.

Progress in 2024

- Four acquisitions completed in 2024, increasing our critical mass.

Priorities for 2025

- Group-wide focus on operational efficiencies driven by AI investment.
- Execution of operational restructuring plan.

Links to KPIs

1 2 3 4

Links to risks

A B C D E F G

GEOGRAPHICAL COVERAGE.

Overview

- The global market for audio visual technologies is worth an estimated $325bn and is forecast to grow at 5.4% CAGR to 2029 (AVIXA).
- As one of the world's leading specialist technology distributors, we have a presence in almost all major geographic markets, driven by our progressive M&A strategy.
- We can provide manufacturers and customers with consistent support across the globe to help solve their most challenging problems.

Progress in 2024

- Further investment in the US market, a key growth area.
- Successful first full year trading in Saudi Arabia.

Priorities for 2025

- Organic expansion into a small number of target geographies.
- Growth in global customer accounts.

Links to KPIs

1 2 3 4

Links to risks

A B C D E F G

SPECIALISATION.

Overview

- Our businesses are trusted expert partners with long-standing relationships with both manufacturers and customers.
- We focus our growth on technology solutions which are complex, interconnected and require deep expertise to sell.
- Our range of value-added services, including distribution, specialist product training, multi-technology demo and experience centres, complex system design support, repairs and servicing, enables us and our partners to grow their business.
- We have the ability to roll out existing relationships into new technology areas and geographical markets, expanding our product and solutions offering.

Progress in 2024

- First dedicated investment in own-brand manufacturing business allowing us to offer bespoke product.
- Record revenue from technical product categories.

Priorities for 2025

- Continued focus on technical product categories.
- Expansion of our professional services programme.

Links to KPIs

1 2 3 4

Links to risks

A B C D E F G

Mergers and acquisitions strategy.

We believe we have a winning formula when it comes to M&A, with our proven track record of successful acquisitions, careful integration and a strong pipeline of opportunities. We focus on high-quality, ambitious, specialist businesses, and use our extensive M&A experience to execute transactions with speed and precision.

Many businesses that join us are privately owned. We're determined to preserve what made them successful in the first place. Our promise is to give management teams the autonomy to run their business, while offering them all the benefits that come with being part of our Group network, so they can enhance and accelerate growth.

KEY M&A CRITERIA.

- Strong reputation
- Technical skills
- Vendor and customer portfolio
- Culture and ethos

EBIT

5-6x

M&A spend since IPO

>£200m

Average return (EBIT/EV*) of

c17%

* Enterprise value

Total acquisitions	Acquisitions since IPO	New geographies entered	Technical product revenue CAGR^ (2019-2024)
40	30	19	28%

"The performance of the Group in 2024 was outstanding with record revenue, gross profit and operating profit and further execution of the Group's strategic objectives."

Stephen Fenby
Group Managing Director

^ Includes unified communications products.

Mergers and acquisitions strategy in action.

We are building a network of high-quality, complementary businesses that work together to achieve sustainable organic growth.

Our acquisitions in 2024 have focused on highly specialist, niche tuck-ins. The Farm gives us a strong presence in the professional services market in North America, whilst Dry Hire Lighting in the UK expands our trade rental proposition.

Two further acquisitions in the UK include the first dedicated investment in an own-brand manufacturing business in Direct Cable Systems, as well as the first investment in the fire sector, where UK Fire & Safety will work closely with our existing security distributors.

Our 2024 acquisitions

The Farm USA

THE FARM Enterprise AV

Dry Hire Lighting Limited UK

DHL Dry Hire Lighting

UK Fire & Safety Limited UK

UK FIRE & SAFETY

Direct Cable Systems Limited UK

DIRECT CABLE SYSTEMS LTD

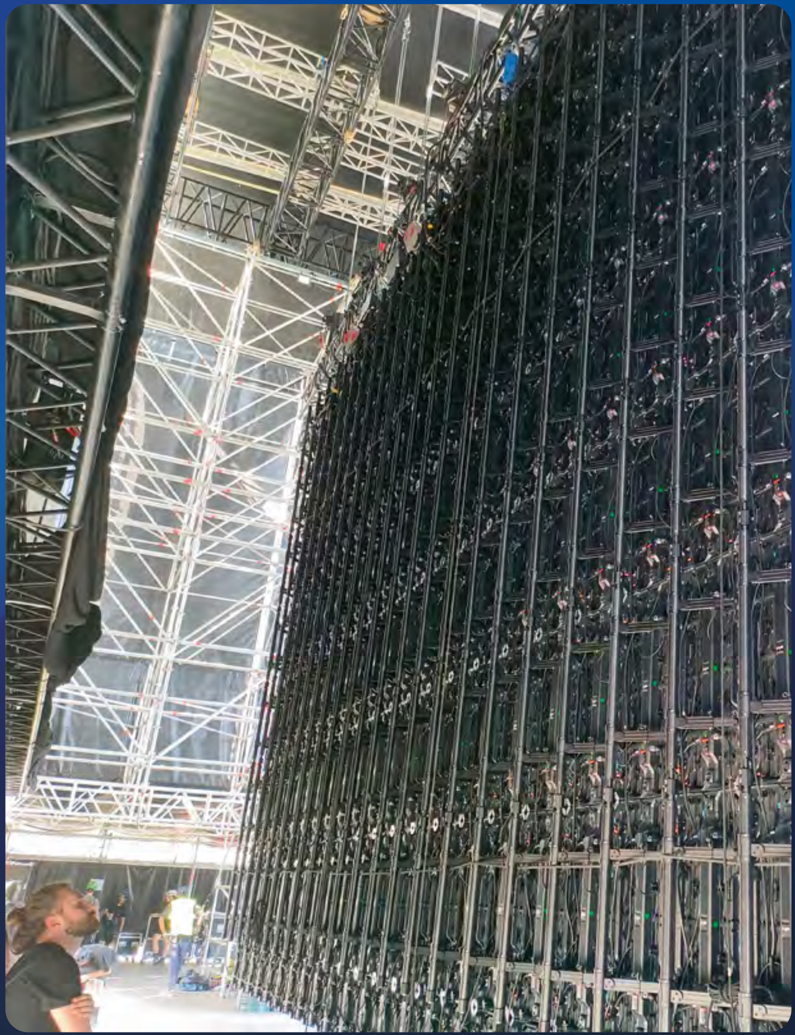
Acquisition of Direct Cable Systems Limited connects the Midwich Group to new opportunities.

Founded in 1997, Direct Cable Systems ("DCS") has built a reputation for excellence within its loyal and growing customer base. It addresses the technical cabling needs of a diverse range of verticals, from live events and film production, to fixed installation in corporate and entertainment settings through its broad range of quality products, including a fully bespoke custom assembly offering with a particular specialism in fibre terminations.

Cables are ubiquitous within AV, so developing further expertise in this space is a natural extension of the Midwich Group's current offering.

When considering this market segment, the Midwich Group found DCS to be the perfect fit due to its shared philosophy of adding true value to customers, demonstrated most clearly in the bespoke cable service it delivers for specialist applications.

DCS's flagship cable product, Evolution xpc, is renowned for its versatility, durability, and uncompromising value for money, and is used across the full spectrum of Group technology categories, including high-profile productions including Taylor Swift and Ed Sheeran's world tours, flagship venues such as the Royal Albert Hall, and most West End theatres. When combined with the bespoke cabling offering, DCS's products and service perfectly complement our hardware offering, allowing the Group to be responsive to the needs of a wide variety of customers.



Andrew Herbert
Non-executive Chair

How we performed in 2024.

Record gross margin reflects our strategic focus on value-add.

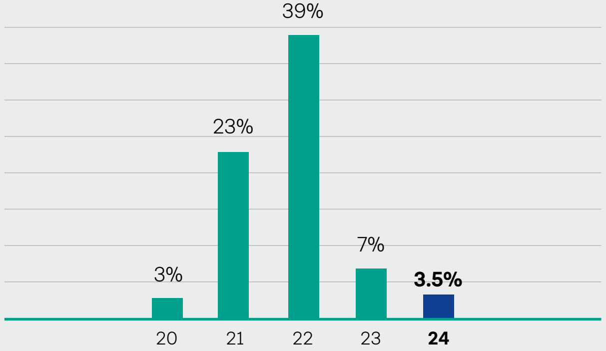
"The Group again delivered a record gross margin, which improved by 0.3 percentage points. This reflects further progress towards increased added value and specialisation."

Andrew Herbert
Non-executive Chair

Progress to target

- A Achieved
- O On track
- N Not started

1.



Change in total revenue vs prior year at constant currency

Revenue growth

3.5%

Why we use this measure

Revenue growth (at constant currency) is often an indicator of the financial health of the Group. It may indicate the Group is participating in a growing market or has gained market share, or both.

Performance

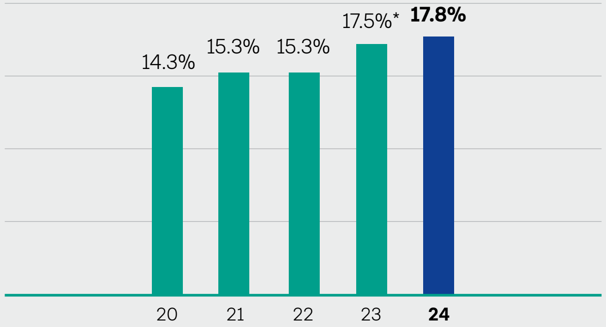
The Group achieved further revenue growth in 2024 against a challenging market backdrop and, we believe, out-performed its competitors in its major regions (at constant currency).

Target

The Group aims to grow its revenue at a faster rate than the overall market to increase its market share.

A

2.



Gross profit as a percentage of revenue

* 2023 restated, prior years as reported.

Gross margin

17.8%

Why we use this measure

An increase in the gross margin would suggest an improved competitive positioning from year to year either through carrying a greater range of products that require a technical sale, stronger relations with customers and vendors, or greater buying power, or a combination of each.

Performance

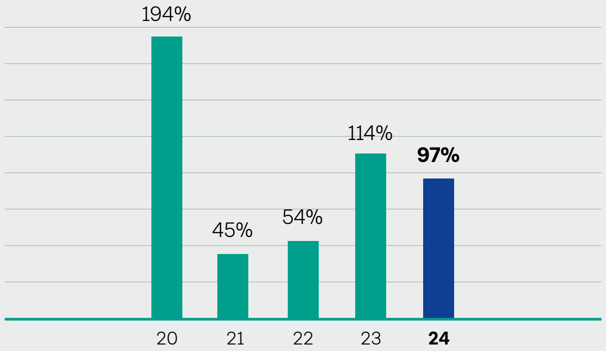
In 2024, the Group again delivered a record gross margin, which improved by 0.3 percentage points. This reflects further progress towards increased added value and specialisation.

Target

Maintain or increase gross margin each year.

A

3.



Adjusted operating cash flow as a percentage of adjusted EBITDA

Adjusted cash flow conversion

97%

Why we use this measure

Adjusted cash flow conversion measures the ability of the Group to generate cash from its operations as a function of turning stock to sales to cash quickly. It gives an indication as to the ability of the Group to pay its dividend and self-fund investments.

Performance

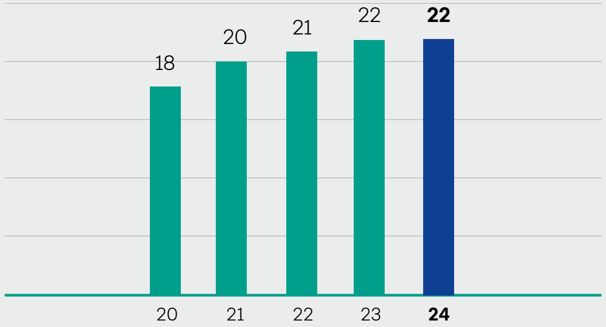
The Group's disciplined working capital management in 2024 resulted in a 97% cash flow conversion which was in excess of our target. Whilst the pandemic disrupted individual periods, cash flow conversion over five years to 2024 was 92%.

Target

70% - 80% of adjusted EBITDA.

A

4.



The number of countries in which the Group has operations

Countries with a presence

22

Why we use this measure

Geographic footprint is an indicator of our ability to support customers, end users and vendors with global project roll outs, in addition to scale and the opportunity to further grow revenue.

Performance

Whilst the Group did not enter new countries in 2024, it built further scale in Saudi Arabia (organic entry in 2023) and continues to evaluate other opportunities. The Group has a presence in all the major global AV regions.

Target

Entry into at least one new geographical market per annum.

O

Stephen Lamb
Group Finance Director

Revenue

£1.32bn

2023: £1.30bn

Operating profit (statutory)

£24.1m

2023: £41.6m

Profit before tax (statutory)

£22.3m

2023: £36.5m

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.

> **"Actions to reduce costs during the year resulted in lower overheads in the second half of the year and position the Group well for the year ahead."**
>
> **Stephen Lamb**
> Group Finance Director

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 on pages 106 to 107.

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 payment of 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 41 for further details.

Regional highlights *continued*

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.

> **“Disciplined working capital management resulted in adjusted cash flow conversion of 97% of adjusted EBITDA.”**
>
> **Stephen Lamb**
> Group Finance Director

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 6 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 8).

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 page 35.

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.

Cash flow

	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 is 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 net finance costs to adjusted EBITDA ratio of 4x. The EBITDA for covenants is calculated on a historical twelve month 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).

Avon AIR: Jenny Hicks and Chris Neto discussing the future of technology

Innovation House, Experience Centre, Bracknell, UK

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 on pages 106 to 107. 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 page 107 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	Note 15	**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 6)	**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 6)	**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 considerations	**(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

	2024 £'000	2023 £'000
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 pages 106 to 107.

Statement by the Directors in performance of their statutory duties in accordance with s172(1) of the Companies Act 2006.

When making decisions, the Board of Directors of Midwich Group plc must act in the way it considers, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole (having regard to the stakeholders and matters set out in s172(1)(a–f) of the Companies Act 2006).

The Company has a clearly defined strategy (as summarised on pages 24 to 27) and the Board takes into account the long-term consequences of its decisions in the context of this. When making decisions, the Board considers a number of factors, including:

- The macroeconomic environment, including anticipated GDP growth, market disruptions and investment activity;
- The AV marketplace (see pages 16 to 19) – specifically ensuring that the Group continues to build on its reputation for high standards as a value-add AV specialist;
- The translation of the strategy into both longer-term goals and annual plans with regular updates reviewed by the Board throughout the year;
- How the Group's objectives influence its employees, customers, suppliers and shareholders together with the Group's wider impact on the environment and the communities where it operates. Further details on stakeholder engagement are set out below and in the sustainability section on pages 43 to 55; and
- Our Risk Management Framework which, as a distributor, places our relationships with wider stakeholders at the centre of our decision making (see pages 57 to 61).

As a Board, our intention is to behave responsibly towards, and consider the interests of, our stakeholders and treat them fairly and equitably, so that they all benefit from the successful delivery of our strategy and the decisions we take.

The Board of Directors has overall responsibility for determining the Company's purpose, values and strategy and for ensuring high standards of governance. The role of the Board is to promote the long-term sustainable success of the Company, generating value for shareholders and contributing to wider society. The Board members also received feedback from our customers, vendors, employees and shareholders.

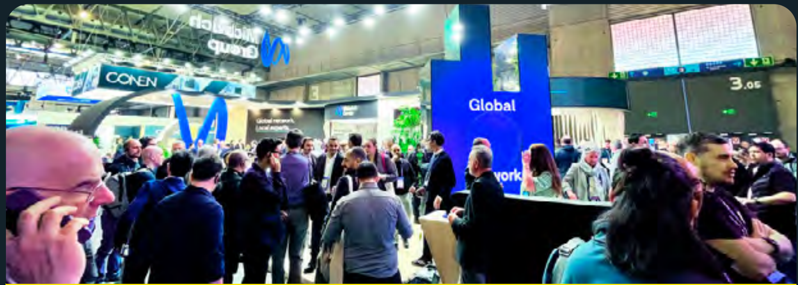
During the year, specific significant decisions made by the Board included the approval of the strategic plan and budget, the approval of acquisitions and investments, approval of the Group's sustainability plans, approval of cost reduction activities and the allocation of share awards to our employees.

The Board considers relationships with, and the engagement of, our stakeholders to be a critical success factor for our business. As a specialist distributor, we add value by developing and maintaining in-depth understanding of our vendors' and customers' needs.

Our business model is predicated on strong long-term relationships with high-end manufacturers, offering value-added service to trade-only customers.

"As a Board, our intention is to behave responsibly towards our stakeholders and treat them fairly and equitably, so that they all benefit from the successful delivery of our strategy."

The Board has identified six principal stakeholder groups:



Customers

Why it is important to engage
Midwich operates a strictly business-to-business model so our customers are also a value-adding part of the supply chain.

Ways we engage
We have a dedicated sales and support organisation with responsibility for both day-to-day and more strategic communication. We receive regular feedback through these channels, together with the results of formal customer surveys, on customer needs, our performance, product performance and satisfaction of the ultimate end user.

Customer feedback informs our decisions on the product portfolio and helps us to engage effectively with vendors, suggesting product enhancements and reporting on performance issues. Customer feedback also informs our decisions on support and how we organise resources to provide an effective and efficient service. Matters pertaining to customers and the internal support organisation are reported to the Board regularly.

Stakeholders' key interests
- Market knowledge and AV industry trends
- Customer service and value-added support and advice
- Access to credit
- Product range and availability
- High-quality logistics
- Long-term relationships

Actions taken on the back of engagement
- Partnering with our customers to design end user solutions
- Access to our experience centres to build product and market knowledge
- Customer training programmes
- Participation in our sustainability programmes and surveys
- Supporting multi-country project delivery

Vendors

Why it is important to engage
Midwich is a value-added distributor of AV products, representing over 800 high-end manufacturers. Vendor relationships are critical to the long-term success of our business.

Ways we engage
Vendor relationships are managed across all levels of the organisation with regular communication on both strategic matters and day-to-day engagement.

Midwich prides itself on the longevity of many of these relationships and the key position it holds in the commercial operation of its vendors. The Board maintains an overview of vendor relationships through regular reporting and presentations from management.

Stakeholders' key interests
- Market focus and scale
- Support, attention and market intelligence
- Profiled customer base with targeted sales and marketing
- Industry-leading events to interact with customers and end users
- Ability to support multinational projects
- Efficient logistics and product support

Actions taken on the back of engagement
- Feedback on market trends and demand to develop creative solutions
- Hosting trade events in partnership with our vendors
- Participation in our sustainability programmes and surveys
- Supporting our vendors to enter new markets and grow market share

Employees

Why it is important to engage

Our employees are integral to the success of our value-add strategy. Knowledge, skills and experience are vital to ensuring both vendor and customer satisfaction and, therefore, staff recruitment, retention and reward are critical.

Ways we engage

We hold regular open communication sessions with staff at all levels via management briefings and "town hall" meetings in all locations.

Staff surveys are conducted periodically, and staff members have individual appraisals annually.

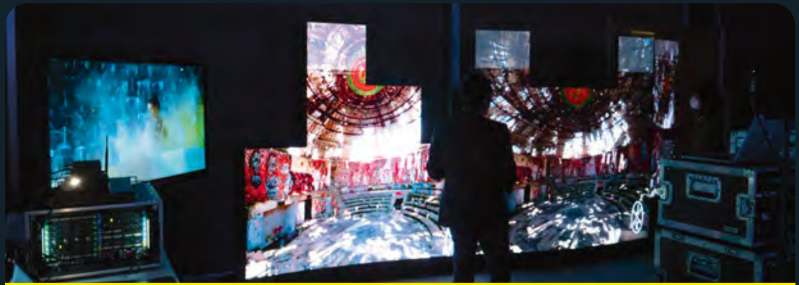
The Board receives regular reports including the results and action plans from our staff surveys.

Stakeholders' key interests

- Alignment with Group strategy
- Understanding our purpose, culture and values
- Belief in our approach to sustainability
- Feeling part of the Company through share ownership
- Feeling informed and understanding why we do things
- Having meaningful and enjoyable roles
- Training and career development
- Responding to employee feedback

Actions taken on the back of engagement

- Staff engagement surveys with subsequent action plans
- Targeted actions to improve staff benefits
- A step up in our engagement programmes including environmental, community and charity activity
- Group-wide and local communication programmes
- Broad participation in share ownership



Shareholders

Why it is important to engage

As a publicly company, we need to provide fair, balanced and understandable information to instil trust and confidence and allow informed investment decisions to be made.

Ways we engage

The Company engages with its shareholders through formal meetings, informal communications and stock exchange announcements.

Management meets with institutional shareholders presenting Company results, articulating strategy and updating shareholders on progress.

Trading and other statements are made via the stock exchange during the year and the Company holds its Annual General Meeting ("AGM"), at which all shareholders can attend and speak with management. Company contact details are included in all announcements and are available on the Company website.

Stakeholders' key interests

- Annual reports
- RNS announcements
- Annual General Meetings
- Investor presentations
- Corporate website
- One-on-one meetings
- Company visits and events
- Long-term sustainability

Actions taken on the back of engagement

- Payment of dividends
- Enhanced content made available to stakeholders on the new Group website
- Invitations to our UK trade show and experience centres
- Access to "Midwich Live" videos
- Proactive engagement with shareholders by the Group Chair
- Regular shareholder meetings and dialogue with Directors

Environment

Why it is important to engage

As part of the wider AV industry, we want to promote the use of AV technology for environmentally sound purposes while minimising any adverse effects. We want to ensure the long-term sustainability of our industry.

Ways we engage

The Company supports the use of AV technology as an enabler of more efficient and effective working; for example, our products are increasingly being used as sustainable alternatives to one-off actions, such as video conferences instead of travelling to meetings or digital signage as an alternative to printed marketing materials.

We are also focused on reducing our impact on the environment and embedding a sustainable approach into all areas of the business, for example the use of solar energy generation at our buildings in the UK or reducing our consumption of single-use plastic and non-recyclable containers across the Group.

We are increasingly engaging with the wider supply chain to identify and enable more sustainable approaches.

Stakeholders' key interests

- Alignment of Company values with environmental concerns
- Targets and actions to reduce environmental impact
- Group long-term sustainability strategy

Actions taken on the back of engagement

- Sustainability Committee established to give the Board greater insight
- Partnering with a third party to determine the Group's carbon emissions (including Scope 3)
- Engagement with third party organisations to assess Group sustainability progress
- Develop further actions towards delivering carbon reduction targets
- Participation in AV industry sustainability programmes and surveys
- New offices must meet stretching environmental impact targets

Communities

Why it is important to engage

We are a significant employer across a number of countries, and we aim to contribute positively to the communities and environment in which we operate.

Ways we engage

In line with our people-orientated ethos and ethical values, we continued to support the local communities in which our offices are based, committing to making a real difference.

Under the "The Gift of AV" brand, we support our chosen charities and community activities. We provide our staff with time and support to volunteer for good causes.

Supporting local communities also comes in the form of using local suppliers for our offices, where possible.

We frequently act as a focal point for community and charitable activities for the wider AV channel.

For example, the Tour de AV 2024 took place in association with the leading industry publication AV magazine. The ride event saw twenty one AV industry participants cycle 217km from the Midwich Group office in Norfolk to our UK trade show at Royal Ascot over two days, raising over £24,000 for 17 chosen charities.

Stakeholders' key interests

- Impact of Group activities on the wider community
- Support for the local economy
- Supporting the AV channel to do the right thing
- Staff time and engagement with good causes

Actions taken on the back of engagement

- Established charity programmes across the Group
- Support for local charities selected by our teams
- Enabling our team members to support community action
- Numerous team events to raise a record amount of money for charity

Sustainability Committee Report.

Hilary Wright
Non-executive Director

● Attended ● Meetings

	Sustainability	
Hilary Wright (Chair)	2	2
Andrew Herbert	2	2
Mike Ashley	2	2
Alison Seekings	2	2
Stephen Fenby	2	2
Stephen Lamb	2	2

Focus for 2025.

In the current year the Sustainability Committee will focus on the following areas:

- Reviewing progress against the Group's sustainability objectives and targets;
- Review of employee and stakeholder engagement surveys and action plans;
- Receiving and evaluating stakeholder feedback; and
- Assessing the impact of changing sustainability regulations.

"I am delighted to present our inaugural Sustainability Committee Report."

Hilary Wright
Non-executive Director

As Chair of the Sustainability Committee, I am pleased to present the Sustainability Committee Report for the financial year ended 31 December 2024.

The report is split into three parts:

- This annual statement;
- An overview of the Group's sustainability activities in 2024 including progress against its goals and plans for 2025; and
- The Group's climate-related disclosures report.

Main responsibilities:

- To review and monitor progress against the Group's sustainability strategy;
- To ensure the Group engages with stakeholders and responds to feedback on its sustainability strategy;
- To provide guidance on the integration of sustainability into short-term and long-term plans;
- To oversee diversity and inclusion matters, people and community engagement and corporate culture;
- To understand and monitor sustainability risks and opportunities and the Group's response to them; and
- To produce an annual report on sustainability activities and progress against targets.

Key activities of the Sustainability Committee

The Board formalised the governance of the Group's sustainability activities, which have been underway for many years, by approving the creation of, and terms of reference for, the new Midwich Sustainability Committee in February 2024.

The Sustainability Committee comprises all the Directors. The Sustainability Committee reviews sustainability guidelines, and both AIM and wider market best practice annually, with the output of this review informing both the Committee's approach and disclosures.

Our approach to sustainability is about doing the right thing within our business and for our team members, our many stakeholders, and wider society.

There is a common thread of openness, trust and creativity across all of our businesses. We value autonomy in our local teams and their passion for supporting their local communities and environment means that we have many different examples of giving back around the world.

The Sustainability Committee met twice during 2024 and its key activities were as follows:

- Received training and updates on the regulatory landscape and reporting requirements;
- Reviewed the Group's sustainability strategy and goals;
- Reviewed progress and key metrics with respect to the Group's sustainability objectives; and
- Reviewed sustainability risks and opportunities.

Our sustainability strategy

Midwich is a value-add Pro AV distributor and we do not manufacture the products we sell. We sit at the centre of the AV channel with over 800 vendor relationships, approximately 24,000 direct customers and a large number of indirect end users.

The Midwich Group sustainability strategy recognises that there are critical areas where we have more direct control - supporting the growth and development of our people and reducing our environmental impacts. In the near term, this is where we have determined to focus most of our resources.

We are also engaged in areas where we have less control but can influence and leverage our position in the value chain to influence and support the sustainability agenda in the communities in which we operate and across the AV sector. This is likely to have a bigger impact in the long term and we are well positioned at the heart of the AV channel to punch above our weight in championing sustainability.

Our strategy harnesses the collective power of our culture and is underpinned by strong governance and responsible behaviours. Our Midwich Group sustainability strategy is set out in more detail on page 43.

Our climate targets

In 2023 we set climate-related targets for the first time. These targets were informed by our TCFD assessment combined with a detailed review of our direct global carbon emissions and approved by the Board.

The five targets set were:

- To agree a timeline to move away from oil and gas heating in our facilities by 2024.
- To have a measure of wider Scope 3 emissions by 2026.
- To use, where possible, renewable energy across our office locations by 2028.
- To achieve net zero for controllable emissions by 2035.
- To work with the AV channel to help it become net zero by 2050 or sooner.

Our progress in 2024

Over the past year we have continued to make good progress with respect to our climate targets.

Our UK&I business largely completed its move to renewable electricity and we remain committed to moving all sites, where possible, to renewable electricity by 2028.

We have developed a roadmap, to move away from oil and gas heating in our facilities by 2029. We also made good progress by reducing our Scope 1 and Scope 2 emissions in 2024 by 20% (2023: 9%).

For 2024, we have measured and reported on our wider Scope 3 emissions; a year ahead of our targeted date.

We have also continued to make targeted progress in other areas, such as:

- Engaging with third party climate ratings organisations (CDP and EcoVadis);
- A pilot investment in warehouse technology to recycle in-bound packaging for re-use in outbound shipments; and
- The launch of a re-use scheme for second hand large format displays at our business in France.

Further details and examples are set out on the following pages.

Supporting our people to flourish, be fully engaged with their local organisation and feel a strong sense of belonging is important to us. We made further progress on our people and giving back goals in 2024 in areas ranging from talent management and learning and development to community and charity engagement.

Our teams have once again shown commitment, enthusiasm and dedication and delivered outstanding outcomes.

Further details are set out on pages 42 to 47.

Our plans for 2025

We will continue to prioritise our efforts on reducing our directly controllable emissions with a view to annual reductions in our intensity ratios going forwards and achieving net zero for these categories by 2035.

As a value-added distributor, and like many businesses, we recognise that the wider Scope 3 emissions are substantially greater than our direct emissions. We are committed to helping our AV channel partners transition to net zero over time. This work includes actively working with the AV industry to reduce climate-related emissions, reviewing and increasingly prioritising vendors who have a defined net zero strategy.

A summary of our carbon emissions and intensity ratios are set out on page 55.

Progress roadmap.

Baseline.

Midwich Group is committed to advancing its sustainability initiatives. Establishing a clear baseline allows us to measure progress and enhance sustainability effort.

We continue to assess our carbon footprint and focus on energy efficiency, responsible sourcing and waste reduction.

Our commitment to diversity and inclusion remains, with enhanced employee engagement programmes and ethical supply chain practices.

Governance continues with strict compliance standards and transparent reporting, benchmarking against industry standards to ensure continuous improvement and setting measurable targets for long-term sustainability.

Progress in 2024.

Completed "EcoVadis" rating for Midwich Limited.

↓CO_2

Reduction in Scope 1 and Scope 2 emissions of 20% vs 2023.

12 in 12

Launched our "12 in 12 BIG WINS" carbon reduction plans.

Winner of the 2024 Health and Wellbeing Recognition Award at the CRN Women and Diversity awards.

450+

hours donated to volunteering projects by our teams.

70+

registered members of our successful menopause employee support group.

£98k

raised for our chosen Gift of AV charities.

100%

recyclable marketing materials.

500+

colleagues attended our mental wellbeing webinar series.

4,000+

Trees donated to five reforest action projects.

Successful Get Active initiative run in EMEA.

Switched all UK&I sites to renewable green energy tariffs, where relevant.

Looking to the future.

Midwich Group, continues to support and help take technology further. Our sustainability strategy will drive sustainable innovation, reducing our environmental impact through smarter technologies, responsible sourcing, and efficient logistics — all supporting long-term value creation.

People remain at our core. We are committed to fostering an inclusive workplace, developing the next generation of talent, and upholding the highest governance standards. We ensure transparency, accountability, and sustainable growth for our investors and partners. By aligning technology with responsible business practices, we are building a future where innovation and sustainability go hand in hand.

Net zero by
2035
We are committed to achieving "net zero" status across our controllable emissions by 2035.

Net zero by
2050
With the support of all stakeholder groups, we will reach wider "net zero" status by 2050, at the latest.

Our sustainability approach.

Our approach for a cleaner future is about encouraging everyone to do the right thing and driving actions that minimise environmental impact.

Our sustainability strategy focuses on four high-priority areas where we believe we can create and add economic, social and environmental value by incorporating sustainability into every decision we make, action we take and relationship we nurture.

Taking an active part in transitioning to a decarbonised economy and society, while nurturing the growth of our people, leads to a brighter and more sustainable future for everyone.

Sustainability strategy

Our people and giving back.

Our people make us who we are.

By creating an inclusive and equal environment, where people are supported and have the same opportunities, they will thrive and be part of delivering our long-term success. This is how we are building our talented pool of passionate, motivated professionals who are ready to make change, driving our industry forward.

Our environmental performance.

The environment matters.

We are tackling our emissions and energy consumption in our own operations. We know that we can directly control our Scope 1, Scope 2 and certain Scope 3 emissions. By improving our facilities, and refining our travel and logistics activities, we will decarbonise and reduce our reliance on climate-harming fuels, one responsible choice at a time.

Influencing our channel.

Influencing our suppliers and customers.

We collaborate with vendors, customers, and end users through our value chain to create sustainable value. Many global vendors have ambitious environmental goals, and we support their efforts towards meeting those goals. We are actively involved with industry body AVIXA to help develop an industry-wide sustainability measurement and play a key role in its sustainability panel.

Our solutions.

We take technology further.

Technology brings flexibility and innovation, making it a game-changer for businesses. Our network champions the technology that benefits customers and wider society. As the specialist technology industry evolves, new creative uses emerge. Within this ecosystem, we can leverage new technology to enhance lives, improve communication, reduce travel emissions and support remote working.

Our people and giving back.

Our role.

We believe that our people are the foundation of our success. By fostering an inclusive, engaging, and supportive workplace, we empower our employees to grow and thrive. Our commitment to learning and development, wellbeing, and diversity ensures that every team member has the opportunity to reach their full potential while contributing to our shared vision.

Our team

500+

colleagues attended our mental wellbeing webinar series.

Menopause support

70+

registered members of our successful menopause employee support group.

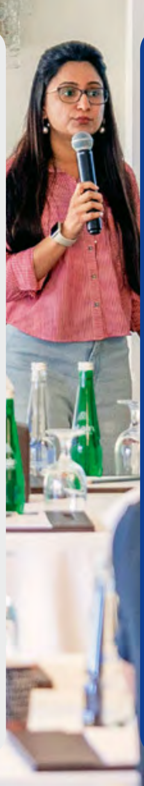
What we've been doing.

Supporting our people to flourish, be fully engaged with their local organisation and feel a strong sense of belonging is important to us.

Employee growth and development.

In 2024, we expanded our Share Incentive Plan to 300 additional employees across two recently acquired businesses, reinforcing our commitment to employee ownership. We also launched an "Employee Talent Mapping" initiative to identify key talent, critical business roles, and mentorship opportunities, laying the groundwork for our 2025 Mentoring Programme.

Our Learning and Development team introduced "Equip", a Learning Management System accessible across all UK&I businesses. Over 5,700 e-learning sessions were completed, accumulating nearly 2,100 hours of development. Additionally, 825 employees are enrolled in our Equality, Diversity, and Inclusion training. Our apprenticeship programme in the UK saw 24 participants in 2024, including 14 active apprentices.



Wellbeing and mental health.

We continued to build on our Wellbeing Policy, ensuring employees have access to the resources and support they need. In 2024, we focused on mental health awareness, hosting webinars attended by 500 staff on topics like sleep, grief, and suicide prevention. With 25 trained Mental Health First Aiders, we remain committed to employee health.

Recognition has also been a key focus. Our UK&I Employee of the Month programme saw 500 votes submitted by colleagues, and our "All Stars" reward programme was expanded.

Diversity and inclusion.

Our inclusive workplace is supported through initiatives like Every Voice, an employee-led network fostering diversity and belonging. In recognition of our efforts, we won the Health and Wellbeing Recognition Award at the CRN Women and Diversity in the Channel Awards and received a Highly Commended accolade for Best Company to Work For at the CRN Sales and Marketing Awards.

Community engagement and volunteering.

Giving back is an integral part of our culture. In 2024, our UK teams donated 450 hours of volunteering, with 220 hours dedicated to conservation projects. From enhancing local green spaces to supporting wildlife trusts and hospices, our employees are making a tangible difference. A new Volunteering Policy, launching in 2025, will further support our team's efforts around the world.

Charity and fundraising.

Fundraising remains at the heart of our Midwich Group businesses. Through initiatives like the Gift of AV challenge, with 150 colleagues participating, the team raised £98,000 in 2024. We also completed the final Tour de AV bike challenge, bringing our total charity donations since 2022 to a quarter of a million pounds.

Our environmental performance.

Our role.

At Midwich, we recognise our responsibility to drive meaningful environmental change while delivering long-term value for our stakeholders. Our ESG initiatives are embedded in our strategy, ensuring sustainable growth.

By reducing carbon emissions, promoting conservation, and engaging employees in sustainability efforts, we are leading the way towards a greener, more responsible future.

Net zero by

2035

We are committed to achieving "net zero" status across our controllable emissions by 2035.

Net zero by

2050

With the support of all stakeholder groups, we will reach wider "net zero" status by 2050, at the latest.

What we've been doing.

We absolutely understand that we have a part to play in ensuring the environment's long-term sustainability. Let's make a positive impact together.

Driving carbon reduction.

2024 marked a significant step forward in our carbon reduction journey. We achieved a 20% reduction in Scope 1 and Scope 2 emissions in the year. This was supported by 95% of our UK&I sites now operating on renewable electricity, with plans to eliminate gas and oil systems by 2029. In 2025, we will introduce solar panels at our Diss headquarters and expand our low-emission vehicle initiatives, including an increase in electric pool cars and further adoption of our Electric Car Scheme, which grew by 36% at our Diss site in 2024.

Conservation and biodiversity.

Our commitment to biodiversity is demonstrated through our partnership with the Norfolk Wildlife Trust, launching a Biodiversity Project to protect local ecosystems. Employee engagement is a crucial element, with volunteer opportunities designed to enhance awareness and participation in conservation efforts. Additionally, we have worked with ReforestAction to support reforestation projects in Morocco, France, Spain, and Switzerland, surpassing 4,000 trees planted, reinforcing our dedication to restoring natural habitats globally.

reforestACTION

Engaging employees in sustainability.

Employee involvement is at the heart of our sustainability strategy. In 2024, we introduced the Cycle to Work Scheme in Manchester and expanded volunteering initiatives, allowing staff to contribute to our environmental goals. Our Active Month initiative in September encouraged health and wellbeing while promoting sustainable commuting options. In December, we launched a dedicated sustainability webpage, ensuring transparency and engagement across our operations. A sub-committee was established to increase our focus on this area.

Influencing our channel.

Our role in influencing the channel.

As a leading network of audio visual distribution businesses, we recognise our responsibility to drive sustainable practices. By partnering with manufacturers and engaging with leading global industry bodies, we aim to foster a culture of environmental stewardship throughout the supply chain.

Industry

AVIXA

We are committed to moving initiatives forward through the Sustainability Advisory Group.

Channel Partners

Rise AV

Supporting the advocacy group to deliver meaningful change.

What we've been doing.

In 2024, the Midwich Group network reinforced its commitment to sustainability and industry collaboration, achieving significant milestones across our global operations. Through these efforts, the Midwich Group continues to lead by example, fostering a more sustainable and collaborative future for the AV industry.

Active participation in AVIXA's Sustainability Advisory Group.

Under the leadership of Jenny Hicks, our Head of Market Intelligence, we actively contributed to AVIXA's sustainability initiatives and are part of the Sustainability Advisory Group that meets monthly, to offer market intelligence to AVIXA and agree actions to educate the wider industry. Jenny co-leads the communications sub-committee, which has built an online community and content channel in AVIXA's Exchange platform (accessed by the wider AV community), focused on sustainability in AV. Our insights into market developments have been instrumental in shaping discussions on sustainable practices within the AV industry.

Evaluating vendor carbon reduction plans.

We collaborated with our top partner manufacturers to assess and support their carbon reduction strategies. This involved engaging in discussions to embed sustainability into new product development, ensuring that environmental considerations are integral to the design and manufacturing processes. Looking ahead we are working towards rewarding identified partners with preferential marketing focus in 2025, continuing to drive positive attention on key technologies.

Demonstrating sustainable solutions.

Across the UK and Europe, we showcased sustainable AV solutions through our teams and experience centres. These initiatives highlighted the importance of energy-efficient technologies and practices, encouraging clients and partners to adopt greener alternatives in their operations.

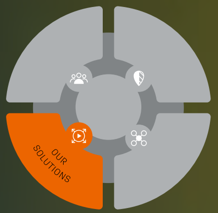
Channel influence through thought leadership.

We have been pivotal in promoting sustainability within the AV channel. Through platforms such as Midwich Live TV, our team have covered topics such as inclusion and the role of technology in supporting neurodiversity, emphasising the broader impact of sustainable practices. This includes us moderating a green signage panel discussion at a global industry event called Infocomm 2024, amongst our involvement at other sustainability themed public events.

Advisory board seat with Rise AV initiative and mentoring programme.

Our involvement in the channel and building influence is exemplified through serving on the Rise AV advisory board, an advocacy group dedicated to initiatives that drive meaningful change. As a key player in the AV sector, the Midwich Group is proud to support this movement, ensuring a more inclusive and innovative future that focuses on attracting and retaining talent, providing education and awareness, and offering mentorship and partnership opportunities. The Rise AV programme aims to create an inclusive environment where innovation and equity thrive.

Our solutions.



Our role.

We have taken a proactive stance in integrating sustainable practices into our operations and building partnerships with leading manufacturers, supporting them to take their innovative solutions to market.

AV Solutions

Educate

Running proactive industry workshops on sustainable audio visual practices.

Circular economy

Reconnect

Initial pilot scheme saved 2.7 tonnes of electronic devices from the environment.

What we've been doing.

In 2024 we continued to help promote eco-friendly practices throughout the AV sector by leveraging available technology solutions, which play a vital role in driving market change. Here are a few examples of what we've worked on.

Industry collaboration.

As noted in the section about "influencing our channel", we have engaged with industry bodies to promote sustainable practices within the AV sector. Participating in discussions and sharing insights contribute to the development of guidelines and standards that encourage environmental responsibility from the point of manufacturing through to usage.

Adoption of energy-efficient technologies.

Recognising the importance of reducing energy consumption, we have integrated energy-efficient AV solutions into our offerings.

This includes utilising devices designed for lower power usage, thereby minimising the carbon footprint of our reseller customer installations.

Promotion of sustainable AV design.

We advocate for sustainable AV design principles, encouraging the use of eco-friendly materials and modular components. This approach not only reduces waste but also enhances the longevity and adaptability of AV systems.

We also collaborate with partners who provide virtual studio solutions, allowing visual locations to be created in a single location, reducing the need for travel.

Refurbish and resell 'Reconnect'.

Our Sidev business in France, launched the Reconnect programme to refurbish and resell used displays, extending their lifecycle and reducing electronic waste.

This initiative not only promotes sustainability but also supports the circular economy by giving AV equipment a second life.

Educational support.

Through workshops and seminars, we educate our clients and partners on the benefits of sustainable AV practices. By sharing knowledge and resources, we empower others to make environmentally conscious decisions in their AV projects.

One example is working with content creators to highlight the benefits of utilising darker colour palettes to reduce energy consumption. This approach is particularly effective with OLED displays, where dark pixels consume less power than bright ones, leading to significant energy savings. Small steps can make a significant difference when dealing with larger organisations. In addition we are also promoting AV over IP technology which is PoE in place of traditional matrix switching, to continue to drive energy savings.

Looking to the future.

Looking ahead, Midwich Group remains dedicated to accelerating our sustainability efforts. In 2025, we will take a major step by generating renewable energy at our Diss headquarters through solar panel installation, further reducing our carbon footprint.

Our transition to low-emission vehicles will continue, expanding our Electric Car Scheme and eliminating gas and oil systems by 2029. We will also launch a Sustainable Green Travel Policy and Environmental Awareness Training to empower employees to make greener choices. Through ongoing conservation initiatives and strengthened partnerships, we are committed to driving meaningful change and achieving net zero emissions across our controllable sources by 2035.

The Midwich Group remains committed to fostering an inclusive and dynamic workplace. In 2025, we will introduce a formal Mentoring Programme to support career development and leadership growth. Our new Volunteering Policy will provide employees with dedicated opportunities to contribute to their communities. Additionally, we will expand our wellbeing initiatives, launching Environmental Awareness Training and enhancing employee recognition programmes. By continuing to invest in our people, we ensure that Midwich Group remains a place where individuals thrive, collaborate, and drive meaningful change.

Our future commitments.

- Enhance our Volunteering Policy allowing staff to choose local projects close to the heart.
- THE GIFT OF AV — Continue to support our chosen charities.
- Install solar panels at our global HQ.
- Low-emission cars at our global HQ.
- Issue Sustainable Green Travel Policy across our UK&I businesses.
- Completed "EcoVadis" rating for DVS and Nimans businesses.
- Widen our "EVERY VOICE" Employee Resource Groups, championing diversity and inclusion in the workplace.
- Commit to have a trained Mental Health First Aider located at every site across the UK&I. We currently have 21 across our businesses.
- Continue to work with our top brands to support them taking their sustainability messages to market.

We support the United Nations Sustainable Development Goals ("SDGs"). We have highlighted five goals that we are committed to promoting through our employment working standards and staff engagement initiatives.

Our sustainability strategy commitments made further progress in 2024 with further disclosure and enhanced governance.

Sustainability information statement

Midwich Group plc reports under the Mandatory Climate-related Financial Disclosures requirements which align with the Task Force on Climate-related Financial Disclosures ("TCFD") environmental reporting framework.

The TCFD developed a climate-related financial risk disclosure framework for companies to provide information to investors, lenders, insurers and other stakeholders.

Our climate-related disclosures are reported consistent with the TCFD recommendations and disclosures.

This table provides a reference to where these disclosures can be found throughout our annual report, together with a summary of our assessment of our level of compliance.

Our response to the TCFD framework

Topic	Cross reference to further disclosure	Recommended disclosure	Status
Governance	**Page 50**	Describe the Board's oversight of climate-related risks and opportunities.	Enhanced governance in 2024, with the establishment of the Group Sustainability Committee.
	Page 50	Describe management's role in assessing and managing climate-related risks and opportunities.	
Strategy	**Page 54**	Describe the climate-related risks and opportunities the organisation has identified over the short, medium and long term.	Midwich Sustainability Strategy climate strategy developed in recent years and further refined in 2024.
	Page 54	Describe the impact of climate-related risks and opportunities on businesses, strategy and financial planning.	Following our materiality assessment and risk analysis, four key transitional risks were identified as the most significant areas.
	Page 52	Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios including a 2°C or lower scenario.	Structured scenario analysis conducted for the Group with the support of third party experts.
Risk management	**Page 53**	Describe the organisation's process for identifying climate-related risks and opportunities.	Additional climate-related risk processes added to our existing risk management framework and supported by a third party specialist.
	Page 53	Describe the organisation's process for managing climate-related risks.	
	Page 53	Describe how the process for identifying, assessing and managing climate-relate risks are integrated into the organisation's overall risk management.	
Metrics and targets	**Page 55**	Describe the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process.	Emissions measured both in absolute terms and as an intensity ratio linked to revenue. Risk and opportunities assessed using our risk management framework.
	Page 55	Disclose Scope 1, Scope 2, and if appropriate Scope 3 greenhouse gas ("GHG") emissions, and the related risks.	Additional Scope 3 disclosures included from 2024.
	Page 55	Describe the targets used by the organisation to manage climate-related risks and opportunities, and the performance against targets.	Group targets in place with progress reported on annually.

Sustainability governance

The Board oversees our sustainability and climate strategy (including climate-related risks and opportunities, along with progress against our carbon reduction targets and our net zero commitments) and is responsible for the approval of the Group's actions and disclosures.

To support the Board the Sustainability Committee, established in 2024, is chaired by an independent director (Hilary Wright). It has responsibility for all sustainability matters, with climate-related topics scheduled for review at least bi-annually. A separate Sustainability Committee report has been included for the first time this year (page 40).

At an operational level our Sustainability Leadership Team members oversee Group-wide sustainability actions. The purpose of this team is:

- To oversee the implementation of the Midwich Sustainability Strategy and report progress to the Sustainability Committee.
- To understand the wider sustainability backdrop and provide recommendations to the Sustainability Committee on our approach to sustainability.
- To understand climate related risk and opportunities and impact assessment.
- To establish and review sustainability goals and targets and monitor progress.
- To represent the Group and support the AV channel in its sustainability goals.

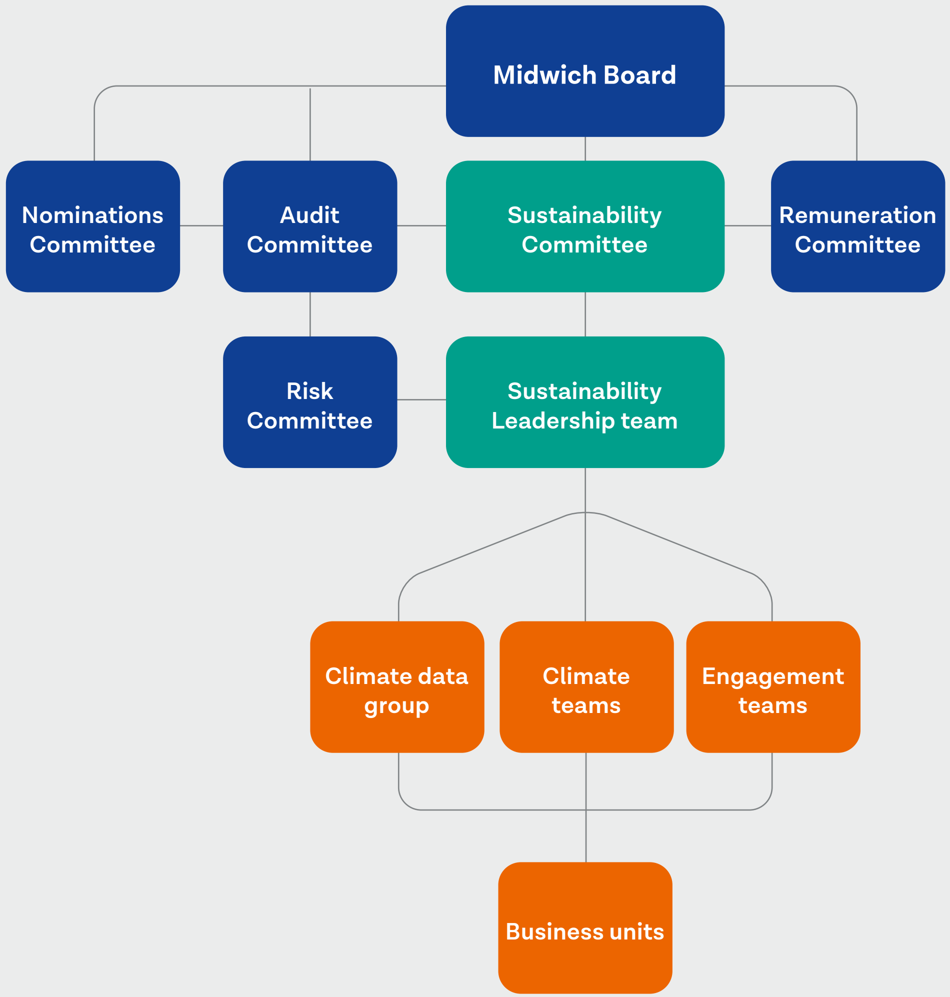
Membership of the Sustainability Leadership Team consists of business leaders from across the Group, representing governance, finance, human resources, technology and commercial relationships.

In addition, Group senior leadership receives regular updates on our climate action plan and the Audit Committee considers climate-related risks and opportunities within the wider Group risk management process.

At an operational level, each of our businesses are responsible for implementing the Midwich Sustainability Strategy with nominated staff members forming and attending the Midwich regional sustainability groups. The purpose of these groups is to generate practical ideas, prioritise actions and monitor progress with respect to our climate and engagement goals. Many of our businesses have dedicated resources focused on the day-to-day elements of our sustainability actions, such as community engagement.

We have also established a virtual team responsible for the collection of our global emissions data across the Group. This team is supported by a third party which standardises our carbon metrics and provides advice on emission reduction. We have enhanced our carbon data reporting this year through the inclusion of wider Scope 3 data for the first time.

Sustainability governance framework



Materiality assessment and our sustainability strategy

In 2023, we conducted a full environmental, social and governance ("ESG") materiality assessment; engaging external consultants to ensure that the results were impartial and truly reflective of the key sustainability-related challenges that our business and the wider AV industry face.

Comprehensive stakeholder engagement, combined with a detailed analytical review involving academic research and industry intelligence gathering, helped us identify a long list of 20 material topics across each of the environmental, social and governance areas.

We then conducted risk and opportunity analysis against each topic to establish its potential to impact the business and significance based on stakeholder views and the wider global sustainability agenda. This was reviewed in 2024 and approved without significant change. The result, our materiality matrix, is included here:

Risk heatmap

Current risk assessments taking account of current mitigations

■ Environmental ■ Social ■ Governance

Maximise
- 2 Energy management
- 3 Greenhouse gas reduction
- 4 Logistics and transport
- 9 Employee inclusion
- 11 Employee training
- 12 Employee wellbeing

Manage
- 5 Packaging
- 6 Product lifecycle management
- 8 Community involvement
- 16 Fair operating practices

Mitigate
- 14 Product security
- 15 Executive remuneration
- 17 Responsible procurement

Monitor
- 1 Biodiversity loss
- 7 Child labour and human trafficking
- 10 Employee health and safety
- 13 Product accessibility
- 18 Responsible tax

Materiality assessment and our sustainability strategy *continued*

The topics that are most significant to our stakeholders and have the highest potential to impact our business are those within the top right-hand quadrant.

This process to define and identify our highest priority sustainability-related issues identified four key areas that we believe will ensure the long-term sustainable success of our business. These have been summarised into our Midwich Sustainability Strategy (page 43) and will inform our approach going forward. We review the materiality matrix annually and will refine it as the wider social backdrop evolves.

Over the last two years, we prioritised the areas where we have more direct control over our environmental impact.

The Pro AV industry is embedded in multiple facets of day-to-day life, from education to business and communication to retail, entertainment and live events. The flexibility of AV solutions mean that our products are increasingly being used to substitute single-use products or solutions, such as unified communications replacing travel or digital signage replacing printed media. The industry has proved resilient over time and is backed by some of the largest global technology companies. The Board expects the Pro AV industry to continue to be relevant and expects it to respond and adapt to emerging climate-related risk and opportunities.

Our exposure to climate-related risks and opportunities are linked to our ability to source the right products and use our value-added approach to provide relevant solutions to our customers and end users. The Board has determined that we should build on our long established engagement model with our communities to bring the same level of focus on our direct carbon emissions.

We have a groupwide approach to monitoring and addressing climate-related risk and opportunities. Supported by third party specialists, we have a structured approach to governance and reporting together with a detailed climate-related risk and opportunity assessment, including scenario analysis.

In 2024, we conducted further analysis of our broader Scope 3 emissions and are reporting on this for the first time this year. Whilst at an operational level we stepped up our focus on reducing our direct carbon emissions, including allocation of resources to green transport, moving to renewable energy and setting a timeline to end the use of oil and gas heating.

In the near term, we will continue to focus resources on reducing our direct environmental impact including Scope 1, Scope 2 and controllable Scope 3 emissions.

However, mindful that, as a distributor, these represent a small portion of our overall value chain emissions we are increasingly partnering with vendors and customers to support the wider AV channel on sustainability.

We are working with our AV channel partners to do the right thing, such as influencing the industry to switch towards recyclable materials for products and packaging and to reduce the energy use of the products we sell. Over the medium term we will monitor our vendor partners' sustainability plans with a view to achieving our broader Scope 3 net zero goals and targets.

Taken together, we have used this work to confirm our carbon emission metrics and net zero targets.

Climate-related scenario analysis

We engaged with a third-party specialist to support us in conducting comprehensive TCFD aligned climate scenario analysis for the Group.

To do this we formed a climate-related risk and opportunity project group to evaluate the most suitable scenarios with respect to physical and

transition risk, multiple time horizons and the global nature of our business and industry.

We conducted an evaluation of the top risks and opportunities in the context of the NGFS Climate Scenarios framework. Given that our assessment was weighted towards transitional risks, we applied the NGFS "Disorderly" scenario. This assumes that climate policies are delayed or divergent across countries and sectors. These scenarios are associated with subdued physical but high transition risks, as, for instance, carbon prices might need to rise sharply and abruptly. In this scenario, Delayed Transition assumes annual emissions do not decrease until 2030. Strong policies are needed to limit warming to below 2°C. Negative emissions are limited.

For this initial assessment we weighted our scenario planning towards the short (before 2028) and medium-term (2028–2033) time horizons. We plan to incorporate more long-term (beyond 2033) analysis as we expand our wider Scope 3 work.

Climate-related risks and opportunities

We also developed a long list of risks and opportunities, using a mix of internal analysis and an external review of industry and climate risk benchmarks and our global facility locations. These risks were evaluated in the context of our chosen scenario analysis and using our existing risk management framework which scores the likelihood (from remote to almost certain) and consequences (from insignificant to catastrophic) of each.

Our analysis of the short-term risks did not identify any catastrophic risks to our business model, nor did we identify any indicators of such for the longer-term time horizons. The Sustainability Committee will continue to monitor climate-related risks over the longer term and develop actions to mitigate these risks as appropriate.

The AV industry is an enabler for many industries to work more efficiently and reduce carbon emissions through the substitution of higher emission activities. We believe that our industry and our business will see opportunities develop as the world adapts to climate-related risks in the coming years.

Overall, the key outcomes from our initial climate-related risks and opportunities assessment were:

— No catastrophic risks were identified.

— The key risks identified were all related to transition risks.

— AV solutions will continue to be relevant and meaningful as the world moves towards net zero.

— The AV industry is increasingly adopting climate-related thinking into product design and manufacturing, but, as with other electronics industries, it will need to continue to innovate and adapt.

— Midwich's flexible business model and proven agility positions it well to adjust to the changing market conditions. Our assessment of climate risks leads us to believe in the resilience of our business in the future and has identified a number of opportunities.

In response to the risk assessment and our review of the mitigating actions, the Group does not expect a material change in our business model, strategy or capital allocation.

In 2024, we increased resources dedicated to managing climate-related risks and responding to some of the opportunities identified.

Overview of climate-related risks and opportunities

Set out below are the key risks and opportunities that were identified through our climate-related risk assessment process. These are all categorised as transition risks.

Risk/opportunity area	Risks and opportunities	Control measure
Increased stakeholder concern or negative stakeholder feedback	**Risk** Midwich's reputation as a reliable and trustworthy partner is fundamental to its ongoing success. A failure to align our climate-related ambitions and subsequent actions could lead to reputational damage and a loss of revenue. **Opportunities** The Group's position at the heart of the AV industry and its value-added model position it well to adapt to emerging market requirements, such as offering repair, recycling and reuse solutions.	We have developed a Group climate strategy and approach with oversight from the Board. Our approach will continue to adapt as the AV industry evolves to achieve net zero targets. We are working closely with our AV industry partners to adapt the supply chain.
Shifts in customer/end user preferences	**Risk** An unexpectedly rapid change in product demand towards more sustainable products or demand fluctuations due to climate change could impact revenue. **Opportunities** Midwich has deep value-add relationships with its substantial customer base, servicing a diverse range of end-user markets. This positions the Group well to identify emerging customer preferences, whilst its broad base of the leading and innovative AV industry vendors allows the industry to respond to these trends and launch products to the market.	We have longstanding and deep relationships with many of the leading AV industry manufacturers and integrators. We will work together to adapt to market changes. We believe that the Pro AV industry offers numerous solutions to address climate change challenges and that these will further develop in time.
Enhanced emissions-reporting obligations	**Risk** A material change in legislation with respect to reporting obligations for either products or our businesses could result in a significant step up in operating costs. **Opportunities** The Group works with many of the leading AV industry vendors and integrators. Its scale and reach can support the development and deployment of enhanced sustainability reporting.	The Group Sustainability Committee was established in 2024. It regularly reviews the impact of changes in legislation and the Group's activities to ensure compliance.
Mandates on and regulation of existing products and services	**Risks** New legislation with respect to areas including product durability, reusability, upgradability, reparability and energy and resource efficiency could impact the cost of products, the product renewal cycle and place additional requirements on the AV channel, all of which could increase operating costs. **Opportunities** Midwich can support the wider industry develop sustainable products and services. Midwich can partner with its 800+ vendors to develop and implement improved industry standards and support the rollout on more sustainable products and solutions.	Management is engaged with the wider AV industry to understand emerging regulation and proactively respond to the climate change challenges. Midwich is well placed in the supply chain to support the introduction of new solutions and services.

Metrics and targets

In 2023 we set climate-related targets for the first time. These targets were informed by our TCFD assessment combined with a detailed review of our direct global carbon emissions and approved by the Board.

A summary of our carbon emissions and intensity ratios for 2022, 2023 and 2024 are set out in the table.

In 2024, we made further progress on reducing our Scope 1 and Scope 2 emissions, despite the impact of recent acquisitions. This was achieved through a focused reduction of our use of fossil fuels across the Group and our continued transition to renewable energy. The shift to greener solutions is embedded in both our long-term facilities and transport plans.

We continue to support our employees to reduce emission, such as through our electric car scheme in the UK, and saw further progress in 2024 on these Scope 3 emissions. Due to the impact of acquisitions and increased attendance at global trade shows, business travel emissions increased in the year. In response to this we are piloting an enhanced green travel policy in the UK in 2025, which prioritises the use of unified communications and trains ahead cars/flights, together with carbon offset for flights booked.

GHG emissions and energy use data for the year ended 31 December 2024

	2024	2023	2022
Carbon emissions			
Scope 1 (000s tonnes of CO_2e)	**1.5**	1.7	2.1
Scope 2 (000s tonnes of CO_2e) – location-based	***1.4***	*1.8*	*1.4*
Scope 2 (000s tonnes of CO_2e) – market-based	**0.9**	1.3	1.2
Total Scope 1 and Scope 2 (000s tonnes of CO_2e) – market-based	**2.4**	3.0	3.3
Total Scope 3[1] (000s tonnes of CO_2e)	**1,327.4**	7.4	7.1
Total emissions[1] (000s tonnes of CO_2e)	**1,329.8**	10.4	10.4
Emissions intensity ratio (000s tonnes of CO_2e per £1m revenue)	**1.0**	Not available[1]	
Controllable emissions intensity ratio (tonnes of CO_2e per £1m revenue)	**8.3**	8.5	8.6
Sources of Scope 3 emissions			
Upstream fuel and energy (000s tonnes of CO_2e)	**0.8**	0.9	1.1
Business travel (000s tonnes of CO_2e)	**2.4**	1.6	1.1
Employee commuting (000s tonnes of CO_2e)	**1.9**	2.3	2.0
Home office (000s tonnes of CO_2e)	**0.3**	0.2	0.3
Outbound logistics (000s tonnes of CO_2e)	**3.0**	2.4	2.6
Controllable Scope 3 (000s tonnes of CO_2e)	**8.4**	7.4	7.1
Purchased good and services (000s tonnes of CO_2e)	**1,290.7**		
Capital goods (000s tonnes of CO_2e)	**2.6**		
Upstream transportation and distribution (000s tonnes of CO_2e)	**22.6**	Not available[1]	
Use of sold products (000s tonnes of CO_2e)	**1.6**		
End of life of sold products (000s tonnes of CO_2e)	**1.5**		
Total Scope 3 (000s tonnes of CO_2e)	**1,327.4**		

We have set the following initial climate-related targets/metrics for the Group:

Target	Metric	Progress
To agree a timeline to move away from oil and gas heating in our facilities	Scope 1 emissions (2024)	Completed
To have a measure of wider Scope 3 emissions	Scope 3 emissions (2026)	Completed
To use, where possible, renewable energy across our office locations	Percentage of renewable energy (2028)	On-track
To achieve net zero for controllable emissions	Controllable emissions (2035)	On-track
To work with the AV channel to help it become net zero	Not yet defined (2050)	On-track

Having initially prioritised our Scope 1, Scope 2 and controllable Scope 3 emissions we have added wider Scope 3 emissions data for 2024 for the first time this year. This is based on a blend of direct and spend based data. It should be noted that the methodology for collecting this information is expected to evolve over time.

We will continue to prioritise our efforts on reducing our directly controllable emissions with a view to annual reductions in our intensity ratios from 2025 and achieving net zero for these categories by 2035.

As a value-added distributor, and like many businesses, we recognise that the wider Scope 3 emissions are substantially greater than our direct emissions. We are committed to helping our AV channel partners transition to net zero over time. This work includes actively working with the AV industry to reduce climate-related emissions, reviewing and increasingly prioritising vendors who have a defined net zero strategy.

The Group has a track record of growth through acquisition. The Board notes that targets may need to be flexed for new businesses joining the Group in the future, but the overall approach adopted by the Group will be adapted to each acquired business accordingly.

Other progress on climate-related actions

In addition to the progress against the Group emissions targets, we have made further progress on our wider environmental goals in the last 12 months. Further details of our progress in 2024 and our plans for 2025 are set out on pages 40 to 48.

1 In 2024 we introduced a wider measurement of Scope 3 data. This is based on a blend of direct and spend-based data. Comparable data for 2022 and 2023 is not available.

SECR Statement

Streamlined Energy and Carbon Reporting

In addition to the activity taking place across the Group to develop our carbon reduction programme and reduce our environmental impact, we report on energy consumption and Greenhouse Gas ("GHG") emissions under the Streamlined Energy and Carbon Reporting ("SECR") regulations.

The data reported is for our large UK companies: Midwich Limited, Nimans Limited and Cooper Projects Limited (2021: Midwich Limited only).

Our carbon footprint

The Group operates within the wider AV industry value chain but, as a distributor, only has direct influence on its own operations which include office and warehouse facilities, travel and its logistics operations. We also support the action plans of our customers and vendors to reduce environmental impact across the AV sector.

Quantification and reporting methodology

The information used to calculate these emissions is based on electricity meter readings, whilst transport information is captured as part of our operational processes. We have used emission factors from the UK Department for Energy Security and Net Zero "Conversion factors for greenhouse gas: Condensed set, 2024 v1.1" to calculate our Scope 1, 2 and 3 emissions. The reported Scope 3 data relates to fuel purchased by employees for business travel in their own vehicles. The Group uses third parties for the shipment of goods from vendors and to customers. These emissions fall outside of our Scope 3 reporting as they will be reported as Scope 1 emissions by those parties.

GHG emissions and energy use data for the year ended 31 December 2024

	Year to 31 December 2024		Year to 31 December 2023		Year to 31 December 2022[4]		Year to 31 December 2021	
	Energy (kWh)	**GHG emissions (tCO_2e)**	Energy (kWh)	GHG emissions (tCO_2e)	Energy (kWh)	GHG emissions (tCO_2e)	Energy (kWh)	GHG emissions (tCO_2e)
Scope 1 emissions (direct)[1]								
Gas consumption	**559,615**	**113.4**	492,354	99.8	458,698	100.8	–	–
Transport	**46,261**	**11.2**	90,572	29.9	127,570	30.8	15,907	3.8
Total Scope 1	**605,876**	**124.6**	582,926	129.7	586,268	131.6	15,907	3.8
Scope 2 emissions (energy indirect)[2]								
Electricity	**891,390**	**184.6**	1,181,014	244.6	1,058,549	214.8	520,357	110.5
Employee electric vehicles	**–**	**–**	18,944	3.9	–	–	–	–
Total Scope 2	**891,390**	**184.6**	1,199,958	248.5	1,058,549	214.8	520,357	110.5
Scope 3 emissions (other indirect)[3]								
Employee-owned vehicles	**1,239,569**	**281.5**	1,181,216	291.4	986,059	249.1	291,629	73.5
Combined total	**2,736,835**	**590.7**	2,964,100	669.6	2,630,876	595.5	827,893	187.8
Midwich Limited only	**1,358,916**	**282.6**	1,247,363	282.3	872,267	270.2	827,893	187.8

GHG emissions and energy use data

	Year to 31 December 2024		Year to 31 December 2023		Year to 31 December 2022		Year to 31 December 2021	
	Revenue £ million	**Intensity ratio**	Revenue £ million	Intensity ratio	Revenue £ million	Intensity ratio	Revenue £ million	Intensity ratio
Combined total	**415.4**	**1.42**	422.8	1.58	432.7	1.38	230.1	0.82
Midwich Limited only	**257.5**	**1.10**	268.5	1.05	281.9	0.96	230.1	0.82

1 Emissions from direct activities such as combustion in owned or controlled boilers and vehicles that release emissions into the atmosphere.

2 Emissions released into the atmosphere associated with the consumption of purchased electricity. These are indirect emissions that are a consequence of Midwich Limited's activities but which occur at sources that are not owned or controlled.

3 Emissions from business travel in rental cars or employee-owned vehicles where the Company is responsible for purchasing the fuel.

4 2022 restated to reflect more accurate vehicle data.

Intensity ratio

The intensity ratio compares emissions data with an appropriate metric or financial indicator. We have chosen to use tonnes of CO_2e per £ million of revenue. Note, data for 2021 includes the unprecedented impact of COVID-19 which affected both revenue and emissions. The intensity ratio for 2019, the year prior to the pandemic, was 1.16.

The reduction in emissions in 2024 reflects progress made in moving towards greener energy solutions in the UK.

The combined UK large company data for 2024 includes the carbon emissions from Midwich Limited, Nimans and DVS. The last two of these were acquired in 2022 and have in-house warehouses and vehicles, they also use gas boilers for heating. These emissions will be addressed as part of the Group's long-term Midwich Sustainability Strategy.

We have also shown data for Midwich Limited only. Whilst in recent years, it has consolidated its southern UK office and showroom facilities into a modern purpose-built facility and refurbished its head office in Norfolk Note its data is impacted by the merger of smaller entities acquired in the UK. Environmental considerations were at the heart of these changes with investments in areas including automated building monitoring, solar panels, low energy heating and lighting and electric vehicle charging facilities. We are also moving our vehicle fleet towards low emission vehicles and have implemented policies restricting single-use plastic and non-recyclable containers. Compared to pre-pandemic levels (2019), Midwich Limited's intensity ratio has reduced significantly.

Further information is on pages 43 to 48.

Andrew Herbert
Non-executive Chair

Our risk management process.

> "Our approach to risk management is a combination of local and Group-wide activities. Risks are owned and managed within our businesses and reviewed by the Group Risk Committee."

Andrew Herbert
Non-executive Chair

The Board is committed to maintaining an open culture that emphasises the importance of managing risk and encourages transparent and timely risk reporting. This is designed to identify and manage, rather than eliminate, the risk of failure to achieve business objectives or to successfully deliver our business strategy.

The risk management process is designed to identify, assess, respond to, report on and monitor the risks that threaten our ability to achieve our business strategy and objectives, within our risk appetite.

Approach

Our approach to risk management is a combination of local and Group-wide activities. Risks are owned and managed within our businesses and reviewed by the Group Risk Committee, which reports key matters to the Board. At a Group level, our teams review risks and controls, including those relating to information security and regulatory compliance. Delegated authorities are in place across the Group to facilitate local ownership, but within an agreed framework.

When we acquire new companies, we conduct detailed assessments of commercial, tax, legal and regulatory risks as part of our due diligence process. Our integration process includes early establishment of delegated authorities and key controls.

While the Group does not have a dedicated internal audit function, the Group team conducts both risk management training and local reviews of tax and compliance matters. The Group team also has a direct relationship with the auditors of each business.

Our risk appetite

The Board assesses the level of risk and our associated risk appetite to ensure we focus appropriately on those risks we face. We target risks based on an assessment of strategic, operational and financial impact. We then prioritise them for mitigation. The Board and Audit Committee review the principal risks, of which there are currently seven, on an ongoing basis.

Our risk culture

The Board is committed to maintaining an open culture that emphasises the importance of managing risk and encourages transparent and timely risk reporting. We work to align employees' behaviours, attitudes and incentives with our risk appetite and other governance and risk management policies. Our delegated authorities and risk governance process reinforce and facilitate appropriate ownership, accountability, escalation, and management of our principal risks.

Current areas of focus/emerging risks

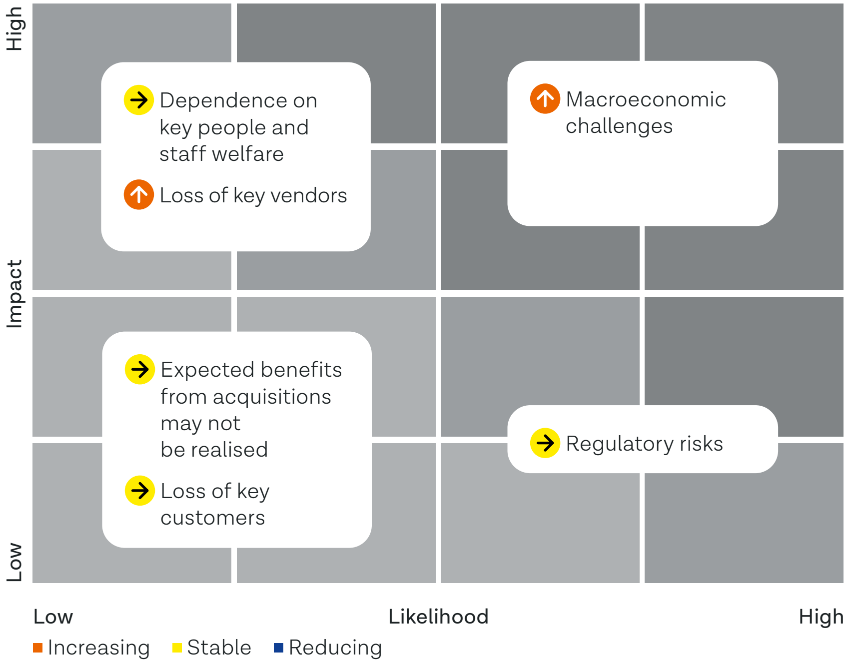
Our focus in 2024 was on general macroeconomic conditions, sustained higher interest rates and softer mainstream AV product end user demand. The challenging mainstream AV market in the year resulted in an increased focus on managing trading and people risks, with a focus on customer and vendor satisfaction, cost management and staff retention matters.

Other risks focused on during the year included Asia Pacific trading challenges, the Group ERP programme and environmental risks.

Emerging risks being monitored include the impact of artificial intelligence, product commoditisation and geopolitical risk.

Our risk management process *continued*

Risk heatmap



Board

Sets our overarching risk appetite and ensures that we manage risks appropriately across the Group.

Regularly monitors the principal risks and uncertainties identified by our risk assessment processes, and the actions we have taken to mitigate them.

Group risk management

Primary responsibility to oversee management of financial risks, including tax, credit and treasury risks and legal compliance.

Responsibility for overseeing global information technology and security risks together with operational and insurance risks.

Group management

Our Executive management takes day-to-day responsibility for implementing the Board's policies on risk management and internal control.

It designates who is responsible and accountable through the design and implementation of all necessary internal control systems, including policies, standards and guidance.

Operational management

Our operational management and business unit leaders take day-to-day responsibility for operating within the Group's risk management framework, including local legal compliance, staff training, risk mitigation and monitoring.

Our risk management framework

1. Identification
- Identify key strategic and operational objectives
- Identify principal and emerging risks
- Identify key controls

2. Assessment
- Assess risk drivers and associated controls
- Estimate both likelihood and potential impact

3. Response
- Assess current risk in the context of the control environment
- Determine if corrective action needed

4. Monitoring and review
- Business unit and regional level
- Senior leadership
- Group Risk Committee
- Audit Committee

The following pages set out the principal risks and uncertainties, including potential impacts and mitigating actions, as identified by the Board for the year ended 31 December 2024.

This list is not exhaustive and will continue to evolve. The Group's principal risks have been categorised as Strategic, Operational, People, or Financial.

Risk trend

Increasing Stable Decreasing

Strategic risks

A Acquisition benefits may not be realised

Risk change: Stable

Potential impact

Acquisitions give rise to inherent execution and integration risk. Integration may produce unforeseen operating difficulties or costs and may absorb significant attention of the Group's management. A poorly implemented acquisition could damage the Group's reputation, brand and financial position.

Risk owner

- Executive Directors
- Senior management teams

Mitigation

The Group conducts thorough due diligence including detailed reviews of operational resources, financial trends and forecasts, as well as analysis of the target's compliance record. Numerous personal visits to the target will typically take place in order to establish the viability of accommodating it and its senior management into the Group. The structure of most acquisitions will involve a significant financial incentive for departing shareholders to perform towards certain financial targets in the first three years after acquisition in order to maximise their disposal value.

Changes this year

The Group acquired four small businesses during the year.

Acquisition appraisals and due diligence findings were reviewed by the Board. The Board receives progress updates on integration and conducts post-acquisition reviews of deals completed. For a number of deals, earn out structures were put in place to ensure that acquisition consideration is linked to performance.

Given the smaller nature of the deals completed in 2024, the majority of these businesses have been fully integrated into existing business operations.

B Loss of key customers

Risk change: Stable

Potential impact

Most customers contract with the Group on a deal-by-deal basis with no formal ongoing purchasing commitment. As such, they have a voluntary right to terminate their contractual relationships without notice or penalties. There is therefore a lack of certainty in respect of the retention of existing customers.

Risk owner

- Executive Directors
- Senior management teams

Mitigation

The Group has a very large customer base of over 24,000 AV integrators and IT resellers, many of which have long-term relationships with it. The diversity of our customer base is demonstrated by the fact that no customer accounted for more than 2% of overall Group revenues this year. By providing a best-in-class service in terms of stock availability, logistics and credit capacity, the Group intends to continue to keep our customer base satisfied.

Changes this year

Across the Group, and despite challenging market conditions, customer service remains a top priority.

In a year of economic pressures, we provided our customers with market-leading product availability and practical advice on areas such as logistics and credit management. We continue to monitor customer credit capacity and maintain credit insurance in most territories. We have dedicated support for our multinational customers, which allows us to partner with them on complex projects across our different geographies.

Strategic risks *continued*

C Loss of key vendors

Risk change ↑

Potential impact

The majority of vendors can terminate their contractual relationships with the Group with no or limited notice. Certain vendors also provide the Group with incentives in the form of rebates, marketing development funds, early payment discounts and price protections. There can be no assurance that the Group will continue to receive the same level of income in the future.

Risk owner

- Executive Directors
- Senior management teams

Mitigation

Many of the Group's vendor relationships are long term and established and now cover multiple territories. By bringing projects to our vendors and enabling them to fulfil their market share aspirations, the Group will continue to maintain strong relationships with its vendors.

Changes this year

Our vendor portfolio was once again a significant area of strategic focus in the year, with further new vendors added. We also expanded existing vendor relationships into more of our businesses.

Given the challenging market in 2024 a small number of vendors reacted by either moving to a partially direct model or by adding additional distributors. The Group's diverse portfolio and ability to add new vendors helped mitigate this behaviour.

Financial risks

D Macroeconomic challenges

Risk change ↑

Potential impact

Macroeconomic pressures impact many of our end users' demand for products. The Group uses debt facilities (which have covenants) and the costs of servicing these has increased during the year. There is also inflationary pressure on the cost of the Group's inputs, which may not be able to be passed on to the customers through price increases.

Risk owner

- Executive Directors
- Senior management teams

Mitigation

The AV industry is highly competitive and innovative and AV product inflation is typically below general inflation. The Group's wide range of vendor and product offerings allows us to meet customer needs at multiple price points and budgets.

Through its strategic focus on investment and growth in technical products and added value the Group seeks to differentiate itself from its "broadline" AV competitors.

The Group's benchmark rates for returns on acquisitions accommodate the risk of higher interest rates.

Changes this year

A continued softness in mainstream product demand impacted revenue through an increase in product discounting. The Group was able to broadly maintain mainstream product gross margins whilst its focus on technical product capabilities allowed it to further improve overall gross margin.

The Group has a number of fixed rate contracts (rent, utilities and interest rate swaps) that have partially mitigated input inflation.

The Group's interest costs remain higher than the medium-term average, although overall Group operating cash generation was strong.

People risks

E Dependence on key people and staff welfare

Risk change

Potential impact

The Group is dependent upon key senior management personnel who have extensive experience and knowledge of the Group, its markets, product and service offering, vendor portfolio and customer base.

The future success of the Group depends on the continuing availability of key people and its ability to attract, motivate and retain talent.

Risk owner

- Executive Directors
- Senior management teams

Mitigation

The Group actively measures the retention of talent and engages with employees by focusing on training and development. We assess remuneration packages to ensure a market position is maintained. The Group has adopted share plans to align the interests of senior management and the broader employee workforce with those of shareholders.

The Board has made succession planning and leadership development a key agenda item.

Changes this year

Engagement with our teams and staff welfare continue to be top priorities.

Challenging trading conditions, which resulted in lower variable compensation to staff and the 2022 LTIP awards lapsing had a negative impact on staff morale.

A strong focus on engagement is expected to be supported by a retention award for key staff to help mitigate this.

Operational risks

F Regulatory risks

Risk change

Potential impact

The Group is subject to an increasingly complex regulatory environment. A failure to follow regulatory laws, orders and codes of practice requirements will expose the Group to regulatory sanction and subsequent reputational damage.

Risk owner

- Executive Directors
- Senior management teams

Mitigation

The Group has defined policy statements and staff training programmes to ensure awareness and alignment with these policies. Acquired businesses are subject to a post-acquisition on-boarding process, which includes improvement of compliance protocols where necessary. The Board is regularly updated on compliance matters. This includes a full review across the Group on an annual basis.

Changes this year

The regulatory environment has been relatively stable across the Group during the year.

The Group has reviewed the revised QCA code and has acted to address the additional governance expectations as appropriate.

We have invested further with respect to sustainability and compliance during the year.

A separate analysis of climate-related risk is included on page 54.

The Strategic Report comprising the Chair's Statement, Managing Director's Review and Financial Review was approved by the Board on 17 March 2025 and signed on its behalf by:

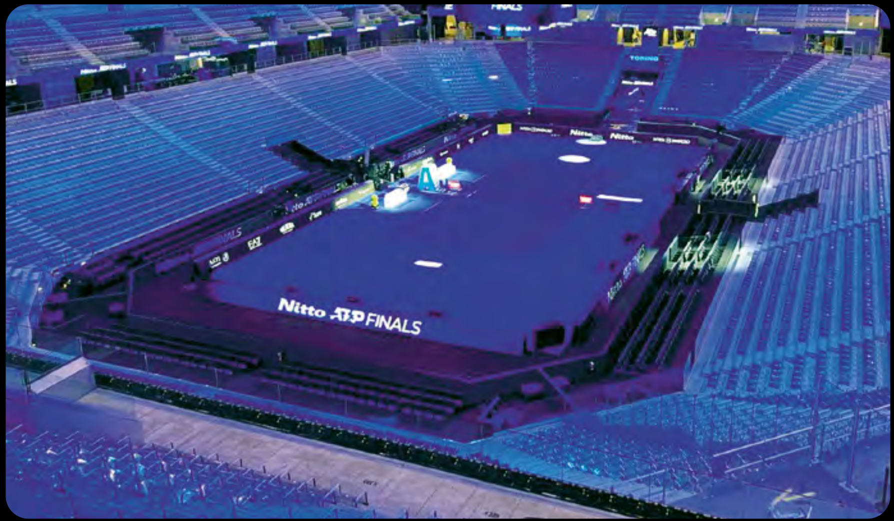
Andrew Herbert
Non-executive Chair
17 March 2025

Contents

Governance.

Case study

BRINGING PEOPLE TOGETHER.



Strategic Communication Solutions at ATP Finals 2023 with Riedel Bolero.

Driving innovation in live event technology

The ATP Finals is a premier sporting event, attracting millions of viewers and demanding seamless real-time communication. Fox Sound Service, in collaboration with Prase Engineering (a Midwich Group company), deployed the Riedel Bolero wireless intercom system at the Pala Alpitour in Turin, ensuring flawless coordination among athletes, technical teams, and production crews.

Overcoming RF challenges

Operating in Italy's largest indoor sports arena posed RF complexities, with signals from security systems, television networks, and smartphones creating interference risks. Fox Sound Service and Prase Engineering optimised antenna placement and frequency coordination through meticulous pre-production planning, ensuring uninterrupted communication.

Scalable and reliable infrastructure

A 64-channel Riedel intercom matrix, 40 belt packs, eight antennas, and multiple fixed panels provided extensive coverage, including OBVAN areas. The system's adaptability ensured seamless transitions between antennas, reinforcing reliability in high-density operational zones.

A high-value investment

Fox Sound Service's investment in cutting-edge communication technology, supported by Prase's expertise, highlights its commitment to operational excellence. The flawless execution at ATP Finals 2023 underscores Prase's investment in delivering high-performance AV solutions for global live events.

TO READ MORE ABOUT THE STORY USE THE QR CODE

Andrew Herbert
Non-executive Chair

We have achieved record revenue and gross margins with no loss of focus on governance.

I'm pleased to present the Governance Report for the year ended 31 December 2024. This report provides an overview of how Midwich Group is governed and the control structures that we have in place. The Board is responsible for long-term sustainable success, generating value for shareholders and contributing to wider society.

The Board does this by supporting and challenging Executive Management to ensure we operate with high governance standards. This report explains how we seek to achieve this. It also contains some highlights from my perspective as Chair.

The established policies and strong management disciplines within the Midwich Group have enabled the business to achieve record revenue with a sustained focus on governance. The Board continues to support the emphasis placed by the Group on culture, values and the wellbeing of our people and I firmly believe that this creates an environment for sustained long-term success.

Challenges during the year

The global backdrop in 2024 has remained challenging, notably due to economic pressures from higher interest rates and the subsequent impact on demand. The Pro AV market performance in the year was mixed, with good demand for live events and entertainment solutions offset by weaker corporate and education sectors.

Whilst the Group took actions to reduce costs during the year, it did so whilst continuing to invest and enhance its governance.

Governance code

The Board considers sound governance to be an essential element of a well-run business and continues to follow the Quoted Companies Alliance ("QCA") Corporate Governance Code. In November 2023, the QCA published an update to the governance code. We conducted a detailed review of our compliance with the revised code; this identified only limited changes to our existing governance and reporting, which have now been implemented.

We have included a summary of our compliance with the revised QCA code in the annual report whilst the full statement of compliance, as approved by the Board on 30 August 2024, is available on the Group's website.

The Board is cognisant of the expectations of the new QCA Corporate Governance Code, which include holding a separate vote on the Remuneration Report and remuneration policy. However, it notes that the Group has voluntarily submitted the Remuneration Report to an advisory shareholder vote since the 2019 AGM, providing a mechanism for shareholders to share feedback on the Group's approach to remuneration. On this basis, the Board does not feel that a separate vote on the remuneration policy is necessary or proportionate at this time, and instead intends to continue to hold a single advisory vote on this Remuneration Report at the 2025 AGM. The Board will keep this approach under review in future years.

Sustainability

We continue to take our social responsibility seriously. Having introduced TCFD aligned reporting for the first time 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. This year we are also introducing broad Scope 3 emissions reporting for the Group.

I continue to see the passion across the Group for making a difference and our teams continue to have an impact whether through involvement in environmental or community matters, raising funds for charities or supporting AV industry-wide initiatives to improve long-term sustainability (pages 40 to 55 for more details).

Board composition and succession

The Board is comprised of four independent Non-executive Directors (including the Chair who was independent upon appointment) and two Executive Directors.

My role as Chair of the Board remains separate to, and independent of, that of the Chief Executive (Group Managing Director) and we both have clearly defined and separate responsibilities. Details of the responsibilities of all Directors along with matters reserved for the Board and terms of reference for all the Committees of the Board can be found on the Group's website.

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 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.

Mindful of the average length of service of the Non-executive Directors, the Board has appointed a fourth independent Non-executive Director. After conducting a search in 2023, I was delighted to welcome Alison Seekings to the Board in March 2024. 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 each 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 role will commence in 2025 with a view to my standing down in due course once a suitable replacement is found.

The Board took the decision to strengthen governance during the year through the appointment of a separate Company Secretary. This role, previously held by an Executive Director, was taken up by the former deputy Company Secretary, Andrew Garnham, from December 2024.

The Board has oversight of the Midwich Group

Revenue

£1.3bn

Gross margin

17.8%

Adjusted operating profit

£48.3m

Change of auditor

The Audit Committee conducts an annual review of the audit process. Mindful of the revised group auditing standard (ISA 600), and a desire to increase Group audit coverage, it initiated an audit tender during the year. After a comprehensive process, this resulted in RSM being appointed Group auditor for the 2024 financial year. I'd like to thank Grant Thornton for their hard work and support, after fourteen years performing the Group audit.

Board evaluation

We conduct an annual, survey-based Board evaluation seeking the individual views of Directors on Board composition and effectiveness, business leadership, QCA code compliance and other matters. The survey findings were extremely positive and identified no major issues or concerns about the effectiveness of the Board (page 71 for more details).

Stakeholder engagement

The Board maintains a regular dialogue with Investec, the Company's nominated adviser, and obtains other legal and financial advice as necessary to ensure compliance with the AIM Rules and other governance requirements.

We continue to review our approach to governance and how the views of stakeholders are represented in our oversight of the business. To that end, I proactively offer to meet with shareholders, and all sub-Committee Chairs also make themselves available for specific stakeholder feedback. Feedback in the year included shareholders' views on strategy, public markets, the impact of macroeconomic conditions, capital allocation and Board composition and succession. Stakeholder feedback continues to form part of the Board's agenda.

I wish to thank our shareholders for their ongoing support during the year, including strong support for our AGM votes (all votes were in excess of 97% in favour).

Corporate website

Information including the terms of reference of the principal Board Committees, the schedule of matters reserved for the Board, the Company's Articles of Association and, where appropriate, the performance of the Group is available at midwichgroupplc.com.

The following reports explain how the Board and its Committees operate and some of their undertakings during 2024. I would like to thank my fellow Board members for their ongoing engagement and support (Note the Sustainability Committee Report can be found on pages 40 and 41).

A diverse range of skills and experience.

Committee membership

- A Audit Committee
- N Nominations Committee
- R Remuneration Committee
- S Sustainability Committee
- Chair of Committee

Directors' service as at 31 December 2024.

Andrew Herbert

Independent non-executive Chair

N R A S

Appointed 2016

Qualifications

Andrew has a BA in Business Studies from Hatfield Polytechnic and is a fellow of the Chartered Institute of Management Accountants. He is also the non-executive chair of Xaar plc.

Previous experience

Andrew was group finance director of Domino Printing Sciences plc from 1998 until the sale of the company to Brother Industries in 2015.

He joined the business in 1986 and held senior finance, operational and general management roles prior to joining its board.

He has extensive experience of managing profitable growth in a global business, including acquisition and disposal strategy and line management of overseas subsidiaries.

Stephen Fenby

Group Managing Director

N S

Appointed 2016

Qualifications

Stephen has a BSc in Accounting and Financial Analysis from the University of Warwick and is an associate of both the Institute of Chartered Accountants in England and Wales and the Chartered Institute of Management Accountants.

Previous experience

After qualifying as a chartered accountant with Ernst & Young, Stephen joined Deloitte and worked for 16 years in the corporate finance team, latterly in the Cambridge office.

Stephen joined Midwich as Finance Director in 2004 and became Managing Director in 2010. He has led the Group's acquisition and development programme.

Stephen Lamb

Group Finance Director

S

Appointed 2018

Qualifications

Stephen has a BA in Economics and Econometrics from the University of Nottingham and is a fellow of the Institute of Chartered Accountants in England and Wales.

Previous experience

Stephen joined Midwich as Group Finance Director in July 2018. He has over 25 years' experience in finance, working in high-growth, international business services organisations.

Before joining Midwich, Stephen was the international CFO at Iron Mountain Inc., supporting the profitable and cash-generative development of the international business.

Stephen qualified as a chartered accountant with PwC and has held senior financial positions at IWG plc and Experian plc.

Mike Ashley

Independent non-executive Director

A N R S

Appointed 2016

Qualifications

Mike completed retail MBA modules at Manchester Business School sponsored by Home Retail Group.

Previous experience

Mike has extensive leadership experience across consumer centric, high-growth businesses through CEO, commercial, marketing and strategic roles including Boots, Argos, Dixons Retail Group, Travis Perkins, Holland and Barrett and Magnet Kitchens.

Mike was most recently the Commercial Director of Nobia UK, incorporating Magnet Kitchens. He joined from Coverings Ltd, a tiles distribution and retail business where he was the Chief Executive Officer. Prior to this, he was the Chief Commercial Officer at Holland & Barrett.

Mike also held the position of CCO both in Wickes and the Plumbing and Heating division at Travis Perkins PLC, leading the transformation of both businesses.

Hilary Wright

Independent non-executive Director

A N R S

Appointed 2018

Qualifications

Hilary is a fellow of the Chartered Institute of Personnel and Development. She is also a director of Plan4Purpose Ltd. and a non-executive director of ActiveOps PLC.

Previous experience

Hilary was group HR director of Domino Printing Sciences plc from 2016 until her retirement in 2019.

Her background was formed in retailing and more latterly with Cambridge-based engineering and technology companies, where she gained global experience as well as involvement in a number of acquisitions.

Hilary has held both strategic and operational roles. She has provided HR leadership in support of significant global growth, ensuring people development, succession planning and talent acquisition were aligned with transformational change.

Alison Seekings

Independent non-executive Director

A N R S

Appointed March 2024

Qualifications

Alison is a Cambridge University graduate, Chartered Tax Adviser (CIOT) and Chartered Accountant (ICAEW), alongside being a member of the Cambridge technology cluster.

She is also a director of Quartix Technologies plc, Green and Purple Limited and Seekings Advisory Limited and CFO at RQ Biotechnology Limited.

Previous experience

Alison has held senior audit positions at Deloitte and most recently Grant Thornton, where she was audit partner.

Alison has a wealth of experience working with AIM quoted companies, particularly in the technology sector.

She has extensive technical accounting, financial governance, and board-level advisory experience, supporting companies with their financial reporting requirements and acquisition programmes.

Board balance

Tenure of Directors

0–4 years	1
5–7 years	2
7+ years	3

- 0–4: Alison Seekings
- 5–7: Stephen Lamb and Hilary Wright
- 7+: Stephen Fenby, Andrew Herbert and Mike Ashley

Independence

Independent	4
Non-independent	2

- Independent
- Non-independent

Skills

Strategy	6
Financial	4
International	5
Leadership	6
Technology	4

Skills development

Sustainability	6

Our leadership structure

The Board

Nominations Committee

The Nominations Committee evaluates the structure, size and composition of the Board. It leads the process of identifying, and nominating for the approval of the Board, candidates to fill vacancies as and when they arise. The Committee also reviews the leadership of the organisation, including Executive development plans and succession planning.

Members:

- Andrew Herbert (Chair)
- Mike Ashley
- Stephen Fenby
- Hilary Wright
- Alison Seekings (March 2024)

Audit Committee

The Audit Committee monitors the integrity of the Group financial statements. It provides review and challenge to accounting policies and the effectiveness of the Group's internal controls and risk management processes. The Committee evaluates the Group auditors and makes recommendations to the Board in relation to auditor appointment, rotation and removal for approval at the AGM.

Members:

- Alison Seekings (appointed: March 2024, Chair: May 2024)
- Andrew Herbert (Chair to April 2024)
- Mike Ashley
- Hilary Wright

Remuneration Committee

The Remuneration Committee determines the framework and policy for setting Executive remuneration. It also reviews and monitors the Company's approach to share incentive plans and senior management remuneration. Taking input from specialists, the Committee evaluates the Company's approach to remuneration in the context of both the Group's performance and the wider environment, including all stakeholders' interests.

Members:

- Mike Ashley (Chair)
- Andrew Herbert
- Hilary Wright
- Alison Seekings (March 2024)

Sustainability Committee

The Sustainability Committee reviews and monitors the Group's approach to sustainability including its sustainability strategy, risks and opportunities and progress against goals. It does this in the context of both the regulatory backdrop and a wide group of stakeholder expectations and interests.

Members:

- Hilary Wright (Chair)
- Andrew Herbert
- Mike Ashley
- Alison Seekings (March 2024)
- Stephen Fenby
- Stephen Lamb

The current terms of reference of the Board Committees are published on the Group's website and are reviewed annually.

The Board met in person or by video conference ten times during the year and also held supplementary meetings by telephone/video conference to consider specific matters. The Board receives a full pack of reports in advance of each scheduled meeting, detailing Group and entity trading performance, and containing individual reports from each of the Executive Directors. During 2024, the Board also received presentations from operational management on topics including business unit strategy, investment opportunities, future technology trends, engagement, talent and succession planning, sustainability, tax strategy, IT systems and security, ERP implementation and acquisition proposals. Alongside monitoring operational performance, it is the Board's responsibility to formulate, review and approve the Group's strategy, investments (including acquisitions), budgets and major items of expenditure.

Attendance at Board and Committee meetings

Board meetings are scheduled in advance for each calendar year. The scheduled Board meetings and attendance during the twelve months ended 31 December 2024 are detailed here:

	Board meetings		Nominations		Remuneration		Audit		Sustainability	
	Attended	Meetings	Attended	Meetings	Attended	Meetings	Attended	Meetings	Attended	Meetings
Andrew Herbert (Chair)	10	10	4	4	5	5	4	4	2	2
Mike Ashley[1]	9	10	4	4	4	5	4	4	2	2
Alison Seekings[2]	7	7	2	2	2	2	3	3	2	2
Hilary Wright	10	10	4	4	5	5	4	4	2	2
Stephen Fenby	10	10	4	4	N/A	N/A	N/A	N/A	2	2
Stephen Lamb	10	10	N/A	N/A	N/A	N/A	N/A	N/A	2	2

● Attended ● Meetings

1 Mike Ashley was unable to attend the October 2024 meetings due to illness. Hilary Wright acted as Chair of the October 2024 Remuneration Committee meeting.

2 Alison Seekings joined the Board and all sub-Committees from 19 March 2024. Data shown for Alison reflects the meetings and attendance from 19 March 2024.

Compliance with the QCA code

The Board has resolved to establish a strong governance culture using the Quoted Companies Alliance ("QCA") code as the basis for its governance framework. The full statement of compliance with the QCA code is available on the Midwich Group plc website. A summary of how the Group complies with the principles of the code (amended to reflect the 2023 code revisions) is set out below.

	Section of code	Overview
1	Establish a strategy and business model which promote long-term value for shareholders	Midwich has a clearly articulated strategy and business plan as a value-added distributor of AV and related products. This is underpinned by a clear set of long-term goals and a strong values-based culture aimed at protecting the Company from unnecessary risk and securing its long-term future (pages 22 to 25).
2	Promote a corporate culture that is based on ethical values and behaviours	The Board is committed to promoting a strong ethical and values-driven culture throughout the organisation. We believe this to be an essential element of a well-run business. The nature of our business, as a value-adding distributor, means expertise and people skills are at the core of what we do and how we maintain competitive advantage. Having a people-orientated ethos, where teamwork and commitment are recognised, is central to the success of our strategy. Our engagement surveys and recognition programmes reflect our values. We pride ourselves on our home-grown talent, with a significant number of our senior managers having built their careers within the Group. To promote our ethical values, we actively encourage and support community involvement across the Group (pages 43 to 48).
3	Seek to understand and meet shareholder needs and expectations	The Company engages with its shareholders through formal meetings, informal communications and stock exchange announcements. The Chair proactively engages with shareholders on both strategic and governance matters. The Chairs of the Board's sub-Committees also make themselves available for engagement with shareholders (page 65).
4	Take into account wider stakeholder interests, including social and environmental responsibilities and their implications for long-term success	The Board considers relationships with, and the engagement of, our stakeholders to be a critical success factor for our business. As a specialist distributor, we add value by developing and maintaining in-depth understanding of our vendors' and customers' needs. Directors regularly engage with customers, vendors and other stakeholders, including Non-executive Directors attending AV industry trade shows. In recent years, the level of wider stakeholder disclosure, such as social and environmental engagement, has been increased to provide broader insight into the Group. The Board enhanced its focus on sustainability in 2024 through the formation of the Sustainability sub-Committee (pages 40 and 41)
5	Embed effective risk management, internal controls and assurance activities, considering both opportunities and threats, throughout the organisation	The Board has ultimate responsibility for the Group's system of internal controls and for reviewing its effectiveness. However, any such system of internal control can only provide reasonable, but not absolute, assurance against material misstatement or loss. The Board considers that the internal controls in place are appropriate for the size, complexity and risk profile of the Group. The Group operates a risk assessment and monitoring process with regular updates provided to the Board and the Audit Committee. This has been enhanced to include cyber security and climate-related risks in recent years (pages 59 to 61). The Audit Committee monitors and assesses the independence of the Company's auditor annually and, following a tender, a new Group auditor was appointed in 2024 (page 73).
6	Establish and maintain the Board as a well-functioning, balanced team led by the Chair	The Board is comprised of four independent Non-executive Directors (including the Chair who was independent upon appointment) and two Executive Directors. The Nominations Committee reviews both the quality of Board independence and diversity annually. In 2024, an additional independent Non-executive Director was added and there is an active Board succession programme to ensure the future balance of the Board (pages 70 to 72).
7	Maintain appropriate governance structures and ensure that individually and collectively the Directors have the necessary up-to-date experience, skills and capabilities	A formal Board programme is agreed before the start of each financial year. This is structured, as far as possible, to align with the Group's annual financial programme. The Board typically meets eight to ten times a year. There were ten scheduled meetings in 2024. Further ad hoc meetings are held by telephone as necessary. The Board and sub-Committees receive high-quality information, in a timely manner, to facilitate proper assessment of the matters requiring a decision or insight. The annual Board evaluation considers the Directors' skills and training requirements. Training is provided by the Company as appropriate, for example with respect to corporate governance and sustainability. See page 68 and Board Committee reports (pages 70 to 79) for more details.
8	Evaluate Board performance based on clear and relevant objectives, seeking continuous improvement	The Board conducts a formal evaluation and appraisal process annually including its performance as a unit, as well as that of its Committees and the individual Directors. Internally facilitated, the Company Secretary co-ordinates a structured Board survey, compiles the results and subsequently facilitates a Board discussion during which matters arising are reviewed and actions agreed. The Board plans to involve an external facilitator in 2025 (page 71). The Board has regular discussions with respect to both composition and succession planning considering the skills, experience, capabilities and background required for Directors and senior management to support the next stage of the Company's development.
9	Establish a remuneration policy which is supportive of long-term value creation and the Company's purpose, strategy and culture	The Company has an established and effective remuneration policy which is aligned to the strategy, culture and long-term goals of the Group (pages 80 to 85). Pay structures for senior management are clear and easy to understand and set out in the annual report. The Remuneration Report is put to an advisory vote annually and shareholder feedback is addressed as appropriate.
10	Communicate how the Company is governed and is performing by maintaining a dialogue with shareholders and other key stakeholders	The Group communicates with shareholders through the annual report and accounts, half-yearly trading updates, the AGM, capital markets days and one-to-one meetings with certain existing or potential new shareholders (page 65). The Group's website underwent a substantial upgrade to provide further information to stakeholders in 2024. Reports from the Audit, Nominations, Remuneration and Sustainability Committees are set out within the annual report (pages 70 to 85). The Group's sustainability reporting has been further enhanced this year. Further details, including activity during the year, are included on pages 40 and 41.

Nominations Committee Report.

Andrew Herbert
Non-executive Chair

● Attended ● Meetings

	Nominations	
Andrew Herbert (Chair)	4	4
Mike Ashley	4	4
Hilary Wright	4	4
Stephen Fenby	4	4
Alison Seekings*	2	2
Stephen Lamb	N/A	N/A

Focus for 2025.

In the current year the Nominations Committee will focus on the following areas:

- Board performance, including training and development needs;
- Board independence and succession including the search for a new Non-executive Director; and
- Supporting the Group Managing Director in developing more structured leadership development plans.

> **“The Committee is responsible for monitoring the Board’s balance of skills, knowledge, experience and diversity, and makes recommendations to the Board throughout the year.”**

Andrew Herbert
Non-executive Chair

Nominations Committee Report

I am pleased to present the report of the Nominations Committee.

The Committee is comprised of the four independent Non-executive Directors and the Group Managing Director. The Committee met four times in 2024.

Main responsibilities:

- To lead the process for Board appointments and make recommendations to the Board;
- To evaluate the structure, size and composition of the Board (including the balance of skills, knowledge and experience);
- To evaluate diversity and inclusion at both Board and senior management levels;
- Keep under review the leadership needs of the organisation, both Executive and Non-executive; and
- Be responsible for identifying and nominating, for the approval of the Board, candidates to fill Board vacancies as and when they arise.

Board composition

The Committee is responsible for monitoring the Board’s balance of skills, knowledge, experience and diversity, and makes recommendations to the Board throughout the year.

There were two changes to the Board during the year which were made in consideration of the growing scale and complexity of the Group.

After conducting a search in 2023, Alison Seekings joined the Board in March 2024. Alison brings a wealth of experience in accounting, governance and technology. Having spent much of her career in professional services, most recently as an audit partner, Alison also brings relevant experience of working with AIM quoted companies and advising technology companies.

Alison joined each of the Board sub-Committees on appointment and became Chair of the Audit Committee in May 2024.

Following the appointment of any new Non-executive Director, the Company has a comprehensive on-boarding process which includes detailed briefings on the Group strategy, operating model, organisation and processes. This is complemented by meetings with senior management and key advisers, site visits and the opportunity to meet customers and vendors at our trade shows.

* Alison joined the Nominations Committee in March 2024.

Board evaluation.

1.

Annual survey of Board members

2.

Facilitated review of survey findings with agreed action plans

3.

Monitoring of progress against agreed plans

After a period of transition planning, the Board took the decision to strengthen governance during the year through the appointment of a separate Company Secretary. This role, previously held by an Executive Director, was taken up by Andrew Garnham, from December 2024. Andrew, who was previously Deputy Company Secretary, joined the Group in 2019 and also heads the Group's tax, treasury and compliance activities.

Board succession planning

Following the appointment of a fourth Non-executive Director, the balance of the Board is now 67% independent/33% Executive Directors.

As Mike Ashley, Non-executive Director and Chair of the Remuneration Committee, will reach nine years' service in May 2025, he is expected to retire from these roles later in the year. A search for his successor is underway. To support a smooth transition Mike will seek reappointment at the AGM. Hilary Wright is expected to assume the role of Chair of the Remuneration Committee following Mike's retirement.

Andrew Herbert, Group Chair and Chair of the Nominations Committee, will also reach nine years' service in May 2025. The Committee remains satisfied that Andrew remains independent and the Board has asked Andrew to continue in his role for a limited further period. In reaching this decision the Committee considered a number of factors including:

- The addition of an extra Non-executive Director in March 2024;
- Andrew Herbert's transfer of the Audit Chair role in May 2024; and
- The need for continuity and experience against the challenging economic backdrop and the loss of historical knowledge with the planned retirement of Mike Ashley in 2025.

Planning for the succession of the Chair role will commence in 2025 with a view to Andrew Herbert standing down in due course once a suitable replacement is found.

Whilst the Board is satisfied that it has a suitable balance between independence and knowledge of the business, to allow it to discharge its duties and responsibilities effectively, the Committee continues to monitor and evaluate Board composition, independence and diversity in the context of the Group's international growth.

Executive Directors hold service contracts with a nine-month notice period. Non-executive Directors' service contracts include a three-month notice period on each side. All Directors retire and submit themselves for re-election each year at the Company's AGM.

Leadership diversity

The Committee believes that diversity, including skills, experience, gender, culture and ethnicity, strengthens our business. Our Non-executive Directors each bring specific skill sets (as set out on pages 66 and 67) that complement the experience of the Executive Directors.

The gender mix of our Board is 67% male/33% female and, while we have no formal gender or ethnicity targets for Board composition, the Committee is committed to ensuring that diversity is a significant consideration in all Board appointments. Group wide, we are committed to being an inclusive employer.

Board evaluation

During the year, there was once again a formal Board evaluation and appraisal process. This included a survey seeking the individual views of Directors on Board composition and effectiveness, business leadership, QCA code alignment and other matters.

The newly appointed Group Company Secretary facilitated the survey and compiled the results. This was followed by a facilitated Committee discussion during which matters arising were reviewed and actions agreed.

The principal matters arising from the Board survey, along with the actions put in place for each of them, are set out in the table on page 72. A few minor points that were raised have also been acted upon.

The Board will continue to monitor its approach to the evaluation of effectiveness including the use from time to time of external facilitation. In line with the revised QCA code, the Board has committed to conducting an externally facilitated evaluation by the end of 2025.

Leadership development

The Group Management Team ("GMT") is responsible for determining priorities and driving performance across the Group. This team meets frequently and comprises the most senior operational and functional leaders in the business. The GMT's remit also includes succession planning and talent development across the wider business.

The Committee believes that the Group has the right model to deliver results whilst ensuring implementation of the agreed strategy. There was regular communication between the operational leadership and the Board throughout the year.

The Committee continues to support the Group's leadership development programme and notes the successful promotion and development of internal candidates into a number of new senior roles during the year, including new leaders of the DACH and Northern Europe territories.

Andrew Herbert
Chair of the Nominations Committee
17 March 2025

> **"The Group has the right model to drive performance, whilst ensuring implementation of the agreed strategy."**
>
> **Andrew Herbert**
> Non-executive Chair

Actions in response to the Board evaluation

Area	Recommendation	Action taken
Director induction	Formalise the process for new Directors.	A structured Director on-boarding process was developed to support Alison Seekings joining in March 2024. This included detailed briefings on the Group strategy, operating model, organisation and processes, complemented by meetings with senior management and key advisers, site visits and the opportunity to meet customers and vendors at our trade shows.
Board education	Provide Directors with sustainability training.	Comprehensive information was shared with the Board members with respect to regulation, risk management, governance and best practice.
Governance	Formalise governance with respect to sustainability.	Sustainability Committee established in February 2024.
Business engagement	Increase independent Board members' exposure to stakeholders.	Scheduled site visits arranged together with the opportunity to meet customers and vendors and trade shows and face-to-face meetings with senior managers.
Stakeholder engagement	Increase active engagement with shareholders.	The Group Chair wrote to significant shareholders during the year to seek feedback.
Board composition	Implement succession plans through the hiring of a fourth independent Director. Plan for the retirement of long-standing independent Directors.	New Non-executive Director appointed in March 2024. Recruitment underway for a replacement for Mike Ashley in 2025, which will be followed by a replacement Chair in due course.

Audit Committee Report.

Alison Seekings
Non-executive Director

● Attended ● Meetings

	Nominations	
Alison Seekings (Chair)	3	3
Mike Ashley	4	4
Hilary Wright	4	4
Stephen Fenby	N/A	N/A
Stephen Lamb	N/A	N/A

Focus for 2025.

In the current year the Audit Committee will focus on the following areas:

- Reviewing and evaluating the performance of RSM in their first year of the Group audit;
- Reviewing the appropriateness of the Group's controls to detect and prevent fraud; and
- Reviewing and evaluating changes to the regulatory environment.

"The Committee made the recommendation to the Board to appoint RSM as the Group's auditor for the 2024 financial year, which was approved by the Board."

Alison Seekings
Non-executive Director

I am pleased to present the Audit Committee Report describing our work during the past year.

Membership and responsibilities of the Committee

Membership of the Audit Committee is limited to the independent Non-executive Directors. I became the Chair of the Committee in May 2024 and I am the member with recent and relevant experience. The Committee met four times during 2024.

Main responsibilities:

- To monitor the appropriateness and integrity of the Group's external reporting, including its financial statements, interim reports and trading updates;
- To review the relationship with, and performance of, the external auditor;
- To review and challenge, where necessary, the consistency of, and any changes to, accounting policies and areas of material judgement both on a year-on-year basis and across the Company/Group;
- To review the appropriateness of the Group's controls to detect and prevent fraud; and
- To keep under review the effectiveness of the Company's internal controls, cyber security and risk management systems.

Auditor

The Audit Committee decided to evaluate alternative external audit options in 2024, the principle reasons for this timing being the scheduled rotation of the audit partner and revised ISA 600 auditing standard with respect to component auditors, together with a desire by the Committee to increase the overall coverage of the Group's audits conducted by the Parent Company auditors.

While there is no mandated requirement for AIM companies to tender their audit, an audit tender, which was informed by the FRC's Audit Tenders Notes on Best Practice, took place in 2024. Following a comprehensive review of the candidates' proposals and presentations, the Committee made the recommendation to the Board to appoint RSM UK Audit LLP ("RSM") as the Group's auditor for the 2024 financial year, which was approved by the Board.

I am pleased to welcome the new RSM audit team and wish to thank the Grant Thornton team for their support and hard work over recent years.

Monitoring audit

The Committee oversees the plans for both the interim review and the full-year audit undertaken by RSM. They draft initial proposals in consultation with Executive management and these are presented to the Committee for review. These plans describe an assessment of the principal risks, proposed scope of work and approach to be taken to the audit including materiality. The Committee has the opportunity to challenge and satisfy itself that the proposed audit plan is appropriate and adequate. In addition the Audit Chair maintains a separate dialogue with the audit partner and FD to ensure the audit execution is as planned.

Review of financial statements and audit findings

The Committee reviewed the interim and full-year financial statements and the report of the auditors on the full-year statements. The audit partner and relevant senior members of the audit team attended the Audit Committee meetings, presenting the results of the audit and answering questions from the Committee.

Significant potential risks and responses focused on by the Committee in respect of financial statements were:

- Information and assurance with respect to the acquisition and integration of acquired businesses;
- In response to a presumed risk over the management override of controls, the Committee considered the control environment, risk management procedures and further matters, such authority models, the operating model and staff training;
- The potential risks and responses related to restructuring activity undertaken during the year;
- The judgements and estimates included within the impairment assessment of ERP systems. This assessments did not identify a material impairment;
- The judgements and estimates included within the impairment assessments over goodwill and intangible assets in the context of the macroeconomic environment. These assessments did not identify a material impairment;
- The going concern basis of preparation of the report and accounts. Review procedures were performed to provide satisfactory evidence over the assumptions made in management's assessment of the use of the going concern assumption.

"The Group seeks to operate consistent accounting policies and control procedures across its subsidiary operations, including newly acquired entities, and places the onus on local management to ensure those policies and procedures are followed."

Alison Seekings
Non-executive Director

The Committee has reviewed the 2024 annual report and accounts to ensure it is fair, balanced and understandable, and that it provides the information necessary for shareholders to assess the Company's performance, business model and strategy in a clear, concise and balanced manner.

Internal control and risk management

The Group seeks to operate consistent accounting policies and control procedures across its subsidiary operations, including newly acquired entities, and places the onus on local management to ensure those policies and procedures are followed. This is confirmed by review by the central finance team. The Group prepares an annual budget for approval by the Board. Actual results, including key performance indicators, are assessed monthly against the budget, latest forecast and market expectations. Forecasts and business plans are updated on a periodic basis. The Committee receives feedback on the effectiveness of internal controls from management and correlates that with separate reports from the external audit process. While there have been no material internal control issues identified, the growth of the business has led the Committee to recommend the further strengthening of the central finance team to enable increased support to local teams and increase the internal independent review processes.
The Group operates a risk assessment and monitoring process. This is co-ordinated by the Group Finance Director, who reports principal risks and mitigation actions to the Committee. Further detail on these risks is included on pages 57 to 61.

Audit Committee minimum standards

The Committee notes the FRC's recent consultation on minimum standards for audit committees. Although not expected to apply to AIM companies, the Committee is committed to adopting any requirements as far as is practicable. The Committee seeks to ensure sufficient rigour and independence of the auditor, and their process, and has committed to an audit tender at least every ten years. In addition, the Company manages its non-audit relationships with audit firms to ensure that it has a fair choice of suitable external auditors at the next tender. The Committee also welcomes feedback from shareholders and I am available for discussion of any matters of concern.

"The Committee seeks to ensure sufficient rigour and independence of the auditor, and has committed to an audit tender at least every ten years."

Alison Seekings
Non-executive Director

Assessment of auditor

The Committee has assessed the qualification, expertise, resources and independence of the external auditor, and is satisfied that RSM meets those requirements.

In addition to seeking the views of the Executive team, the Committee considers a range of criteria in that assessment:

- The delivery of a thorough audit, meeting the agreed plan in a timely manner to the agreed budget;
- Demonstration of a deep understanding of the Group and its subsidiaries, evidenced in the quality and completeness of presentation material;
- The provision of perceptive advice on key accounting and technical matters;
- The professionalism and competence of the audit team deployed; and
- Confirmation from the firm itself of its processes to ensure independence.

The Committee also monitors arrangements to ensure the independence of the auditor is not compromised either by the non-audit work undertaken or the relationship it has with Executive management.

The Committee continues to require the Company to limit use of the auditor to only audit and other assurance-related activities. The Group complies with the FRC's Revised Ethical Standard 2019 on audit engagements.

During the year, RSM and its associates were paid fees of £1,028k (2023: Grant Thornton UK LLP: £809k) in respect of audit and non-audit work as follows:

	2024 £'000	2023 £'000
Audit fees in relation to the audit of the Company	**170**	172
Audit fees in relation to the audit of subsidiaries	**858**	611
Audit related assurance fees in relation to the interim review	**–**	26
Total audit fees for audit and audit related assurance services	**1,028**	809

There was no contingent element to any of these fees and independence was safeguarded.

No tax work was performed by the Company's auditors in respect of 2024 and 2023.

Terms of reference

The Committee maintains its terms of reference under review and makes recommendations for changes to the Board as required. There were no significant changes made during 2024. Details of the full terms of reference are available on the Group's website.

Alison Seekings
Chair of the Audit Committee
17 March 2025

Remuneration Committee Report.

Mike Ashley
Non-executive Director

● Attended ● Meetings

	Nominations	
Mike Ashley (Chair)[1]	4	5
Andrew Herbert	5	5
Hilary Wright	5	5
Alison Seekings[2]	2	2
Stephen Fenby	N/A	N/A
Stephen Lamb	N/A	N/A

Focus for 2025.

In the current year the Remuneration Committee will focus on the following areas:

- Reviewing the effectiveness of the LTIP scheme with respect to incentivisation, retention and stakeholder alignment;
- Reviewing and monitoring remuneration for senior management; and
- Reviewing overall performance and the associated remuneration outcomes.

"The Committee notes the challenging performance landscape during 2024, but is pleased that the Group's strategic focus on technical product specialisation has allowed it to out-perform its competitors, and this overall performance is reflected in the remuneration outcomes for 2024."

Mike Ashley
Non-executive Chair

As Chair of the Remuneration Committee, I am pleased to present the Directors' Remuneration Report for the financial year ended 31 December 2024.

The report is split into three parts:

- This annual statement;
- A "Remuneration policy" section, which provides a brief summary of the Company's remuneration arrangements with its Directors; and
- An Annual Report on Remuneration, which sets out payments made to the Directors and details the link between the Company's performance and remuneration for the 2024 financial year.

Main responsibilities:

- To determine the framework and broad policy for setting remuneration for the Group Managing Director (Chief Executive) and all Executive Directors;
- To recommend and monitor the level and structure of remuneration for senior management;
- To review the establishment of all share incentive plans for approval by the Board and shareholders, and determine each year whether awards will be made, and if so, the overall amount of such awards and the individual awards per person to Executive Directors and other senior management;
- To produce an annual report on the Company's remuneration policy and its implementation; and
- To engage with stakeholders and respond to their feedback on the Company's remuneration policy.

1 Mike Ashley was unable to attend the October 2024 meetings due to illness. Hilary Wright acted as Chair of the October 2024 Remuneration Committee meeting.

2 Alison Seekings joined the Board and all sub-Committees from 19 March 2024. Data shown for Alison reflects the meetings and attendance from 19 March 2024.

Key activities of the Remuneration Committee

The Remuneration Committee comprises all the Non-executive Directors. The Remuneration Committee reviews both the QCA code guidelines, and AIM market best practice annually, with the output of this review informing both the Committee's approach and disclosures.

The Remuneration Committee sets the overall approach to remuneration and the terms of employment of the Executive Directors, having regard to pay and conditions elsewhere in the Group. The Committee aims to ensure that the remuneration packages offered are competitive and designed to attract, retain and motivate Directors of the right calibre, as well as being aligned to the Group's corporate objectives.

The Remuneration Committee met five times during 2024 and its key activities were as follows:

- Reviewed the 2023 Directors' Remuneration Report;
- Discussed and determined bonus and LTIP outcomes for Executive Directors;
- Reviewed and approved the Executive Directors' remuneration arrangements;
- Considered the overall remuneration structure of the senior leadership, including the 2024 LTIP award; and
- Discussed and approved the targets for the 2025 annual bonus for Executive Directors and senior leaders.

2024 performance and remuneration

Business performance

Whilst both the macroeconomic backdrop and the AV market faced significant headwinds in 2024, the Group delivered both record revenue and gross margins.

Of particular note in the year was the softness in the mainstream AV markets in the regions where the Group operates. This was characterised by over-supply and high levels of discounting, especially of large format displays. The impact of these market dynamics was unavoidable for the Group, but the Committee also notes that the Group's strategic focus on technical product specialisation allowed it to out-perform many of its competitors.

In evaluating performance in 2024, the Committee considered the following metrics and highlights:

- Further growth in market share and an increase in the mix of technical product revenue;
- Revenue increased by 3.5% (constant currency) to £1.3bn;
- Record gross margins at 17.8%, up by 0.3 percentage points on the prior year;
- Adjusted operating profit of £48.3m despite challenging market conditions;
- Targeted cost reduction programme delivered in the second half of the year;
- Four acquisitions were completed all of which were further margin-enhancing technical businesses;
- The successful launch of Midwich Ignite;
- Excellent operating cash generation at 97% of adjusted EBITDA;
- Further progress against the Group's sustainability strategy; and
- Dividends of 13.0p per share (interim and proposed final).

Given the exceptionally challenging market conditions, the Board is pleased with the 2024 performance and believes that the senior management team has taken actions to deliver on the Group's long-term strategic objectives.

2024 annual bonus

The Committee believes in setting stretching annual performance targets that align the goals of our Executive Directors, senior leaders and the wider business to those of our stakeholders.

For 2024, performance targets were linked to the following specific goals:

- Profit and gross margin growth targets (65% weighting);
- Other financial KPIs (25% weighting); and
- Strategic (10% weighting).

The maximum bonus opportunity for 2024 was 125% of salary for both Executive Directors. The Committee reviewed the 2024 performance outcomes against the performance targets set at the start of the financial year. The formulaic outcome was 15% of maximum for the Executive Directors, reflecting the stretching targets set by the Committee. Note, Other financial KPIs include consideration of cash flow and acquisition related performance.

In addition to the formulaic outcome, the Committee also considered the business' overall performance in the context of the wider market and against the Group's strategic objectives. Taking into account the robust performance of the business in a difficult market, the Committee determined that the formulaic outcome was appropriate and, therefore, no discretion was exercised by the Committee to adjust the formulaic outcome.

Further details are set out in the Directors' Remuneration Report on page 83.

2022 LTIP award vesting

The Committee believes strongly in aligning the goals of the Group's leadership with those of other stakeholders. In addition to annual performance targets, the Committee believes that such alignment is further enhanced by incentivising performance linked to stretching long-term targets.

The purpose of the 2022 LTIP award was to incentivise the Group's leadership team to strive to significantly increase the sustainable scale and profitability of the Group as measured by 2024 adjusted profit before tax ("PBT"). For the Executive Directors, only the Group Finance Director ("FD") was a participant in the award.

2024 adjusted PBT performance (£38.3m) did not meet the threshold performance level required for vesting. The Committee has also considered the Group's performance in the context of the wider AV industry (noting the Group's significant out-performance vs the overall AV market over the three-year LTIP period). It also evaluated the Group's performance against its strategic objectives and shareholder returns over the period.

Whilst the Committee wishes to acknowledge the business performance over the last three years, in challenging market conditions, and the hard work of the leadership team, it concluded that the formulaic outcome is appropriate. Therefore, the 2022 LTIP award will fully lapse, with no vesting of the 2022 LTIP awards. The Committee has not exercised any discretion in relation to the final outcome.

Further details are set out on pages 83 and 84.

LTIP award granted during the year

The Committee granted awards of nominal value share options under the LTIP in 2024 to the FD and other senior employees. The FD was granted an award of 158% of salary. The award vests after three years, subject to performance criteria and the base award is subject to a two-year post-vesting holding period.

In light of the Group Managing Director's ("MD") substantial shareholding, it was agreed that he will not participate in the 2024 LTIP award. The Committee notes that he has not participated in the LTIP at any point since the Company's IPO in 2016.

Our long-term approach to Executive pay

The remuneration arrangements for the Executive Directors are designed to be in the best interests of the Company and appropriately aligned to its strategic goals, delivering shareholder value and supporting the long-term success of the Company.

In prior years, the Committee has engaged a third party to benchmark Executive remuneration. The Committee believes that the remuneration levels are competitive and reflect the current scale and responsibility of the Executive Directors' roles.

The Group operates an LTIP for the Executive Directors and members of the senior management team to incentivise long-term performance and achieve greater alignment with shareholders through share ownership. Where Executive Directors participate in the LTIP scheme, the normal annual awards are subject to a minimum two-year post-vesting holding period, bringing the total period of the awards to five years, in line with UK best practice.

The Committee expects Executive Directors to have sufficient shareholdings to align their interests with shareholders. In particular, Executive Directors are expected to develop a shareholding of 200% of base salary over an appropriate period of time from appointment. The MD's substantial shareholding is significantly above this level (at 13,763% of salary as at 31 December 2024). Including share options that have vested but are subject to a holding period (net of estimated tax), the FD also met this expectation with a holding of 229% of salary at 31 December 2024.

The Committee takes a pragmatic approach to the remuneration of its Executives, acknowledging the substantial shareholdings of the MD and the external benchmarking of the remuneration levels of both the MD and FD. The Committee notes that the results of this benchmarking once again concluded that the Group MD's base salary was below the market norm. Over time, this is planned to be addressed but given the ongoing challenging market conditions, the Committee determined to defer such realignment.

> **"The remuneration arrangements for the Executive Directors are designed to be in the best interests of the Company and appropriately aligned to its strategic goals, delivering shareholder value and supporting the long-term success of the Company."**

Mike Ashley
Non-executive Chair

The Committee is satisfied that the incumbents are incentivised to achieve strong performance. However, the Committee recognises that remuneration agreements may need to be reviewed should there be any changes or additions to the Executive Board or changes in the scope or responsibilities of a role and will continue to monitor this going forward.

In addition to the Committee's remit of the remuneration of the Executive Directors, the Committee strongly focuses on succession and the development of the next tier of talent in the business. It is our strategy to retain and incentivise the leadership of the future and the Committee takes an active role in reviewing the remuneration structures of the senior leadership.

Wider workforce reward decisions

We monitor and review pay and benefits across the Group with a focus on the total value of the overall reward package. Annual salary increases are made in the context of local market benchmarking. There has been a significant focus on supporting our team members over the last few years and we continue to enhance remuneration packages to make working for Midwich more attractive: for example, increased holiday entitlement in the UK from 2024.

We believe that our established actions, such as enhanced communication, flexible working and a focus on employee wellbeing, have ensured that we remain well positioned to support our team members.

We continue to encourage employee share ownership across the Group. For the ninth year in a row, we made free share awards (or cash equivalent awards) to the majority of the wider workforce to recognise the long-term value created by our team members. The award of 300 shares was worth approximately £1,000 at the award date and will vest after three years subject to continued employment.

Since IPO, 1.8 million free share awards (or cash equivalent awards) have been given to members of staff under this programme, with the total value of these awards in excess of £5.0m, based on the share price at 31 December 2024. As at 31 December 2024, 70% of Group employees[1] were either shareholders or participants in share awards that will vest in the next three years.

Broader employee remuneration is considered by the Committee when determining Executive remuneration: for example, Executive Directors' pension arrangements (at 6% of base salary) are aligned to those offered to the wider workforce. Executive salary increases are also considered in the context of those given to other staff and are not expected to be significantly different to overall salary increases (other than in exceptional circumstances or significant growth of the Company).

1 Excluding businesses acquired in 2023 and 2024.

Alignment with sustainability objectives

Across the Group, sustainability objectives have been part of senior leaders' goals and objectives for a number of years. Following the development of the Group's Sustainability Strategy and carbon reduction targets, sustainability goals form part of the senior leaders, personal objectives from 2025.

Advisory vote on Directors' Remuneration Report at 2025 AGM

The Committee is cognisant of the expectations of the new QCA Corporate Governance Code, which include holding a separate vote on the Remuneration Report and remuneration policy. However, the Committee notes that the Group has voluntarily submitted the Remuneration Report to an advisory shareholder vote since the 2019 AGM, providing a mechanism for shareholders to share feedback on the Committee's approach to remuneration.

The Committee also notes the strong support (97.8%) on the Remuneration Report resolution at the 2024 AGM (2023: 98%)

On this basis, the Committee does not feel that a separate vote on the remuneration policy is necessary or proportionate at this time, and instead intends to continue to hold a single advisory vote on this Remuneration Report at the 2025 AGM. The Committee will keep this approach under review in future years.

The remuneration policy is summarised in the "Summary of remuneration policy" on pages 80 to 82 of this report and has not changed significantly in the last twelve months.

Outlook for the 2025 financial year

The Committee recognises that the Company has delivered long-term shareholder returns, grown strongly, made market share gains and completed numerous strategic acquisitions since its IPO in 2016. The Committee believes that the Group is well positioned to deliver its long-term strategic objectives and believes in incentivising future growth. The Committee will keep the remuneration arrangements under review and retains flexibility to reward significant out-performance through its incentive schemes.

For 2025, the Committee determined that base salaries for the Executive Directors should increase by 2% with effect from 1 January 2025, in line with the average salary increase for the wider workforce.

The Executive Directors will be eligible to participate in the 2025 annual bonus, with a normal maximum opportunity of 125% of salary, subject to the achievement of stretching profit, other financial and strategic goals. In the event of an exceptional performance, the bonus scheme provides for a maximum payment of up to two times salary.

From 1 January 2025, the fees for the Non-executive Chair were increased by 2% to £95,000, while the fees for the other Non-executives were increased by 2% to £48,550. The Chair of the Remuneration Committee receives a further fee of £2,000 per annum.

The Committee is in the process of finalising the approach for 2025 LTIP awards and will disclose the final details when the awards are finalised.

Summary

The Committee believes that the current remuneration arrangements are in the best interests of the Company and are appropriately aligned to strategic goals, delivering shareholder value and supporting the long-term success of the Company.

We are committed to a responsible and transparent approach in respect of Executive pay and I hope that you find the information in this report helpful and informative.

Mike Ashley
Chair of the Remuneration Committee
17 March 2025

Summary of remuneration policy

In setting the remuneration policy, the Remuneration Committee takes into account:

1. The responsibilities of each individual's role and their experience and performance;
2. The need to attract, retain and motivate Executive Directors and senior management, ensuring an appropriate mix between fixed and variable pay;
3. The pay and benefits arrangements elsewhere in the Group, and in the sector;
4. Periodic external benchmarking to consider market conditions, and remuneration practices for roles of a similar size and complexity; and
5. The need to align the overall reward arrangements with the Company's strategy, both in the short and long term.

A summary of the remuneration policy applicable to remuneration in 2024 and 2025 is set out below for reference, to assist with the understanding of the contents of this report and to demonstrate alignment with strategy.

Purpose and link to strategy	Operation	Opportunity	Performance metrics used, weighting and time period applicable
Base salary Provides a base level of remuneration to support recruitment and retention of Executive Directors with the necessary experience and expertise to deliver the Company's strategy.	Salaries are reviewed at the discretion of the Committee.	Base salaries will be set by the Committee at an appropriate level, with consideration given to comparable listed companies, experience in role and the Company's performance.	None.
Benefits and pension Provides a competitive level of benefits and pension.	The Executive Directors receive benefits, which include pension contributions, company cars and private medical insurance and other benefits as the Remuneration Committee may determine from time to time. Further benefits may also be provided for relocation following the appointment of new Executives.	Employer pension contribution of 6% of base salary per annum or a salary supplement representing this contribution net of employer's National Insurance. The maximum value of other benefits will be set at the cost of providing the benefits described.	None.
Annual bonus The annual bonus provides a significant incentive to the Executive Directors linked to achievement in delivering strategic goals, including financial performance. Maximum bonus is only payable for achieving demanding targets.	Performance is measured annually against a range of pre-determined performance conditions. Outcomes are determined by the Committee after the year end, based on performance against these targets. All bonus payments are at the ultimate discretion of the Committee, and the Committee retains an overriding ability to ensure that overall bonus payments reflect its view of corporate performance during the year. Annual bonuses are paid in cash or a mix of cash and shares after the end of the financial year to which they relate. The Committee has the discretion to defer an element of the annual bonus.	The maximum normal bonus opportunity is currently 125% of base salary. In the event of an exceptional performance, the bonus scheme provides for a maximum payment of up to two times salary. The Committee retains the discretion to operate a higher maximum bonus in exceptional circumstances.	Performance is measured over the financial year. Targets are set annually by the Committee.

Purpose and link to strategy	Operation	Opportunity	Performance metrics used, weighting and time period applicable
Long Term Incentive Plan (“LTIP”) The LTIP provides a significant incentive to the Executive Directors linked to achievement in delivering longer-term strategic goals, including sustained financial performance. Maximum awards are only payable for achieving demanding targets.	LTIP awards are normally made using nominal cost share options. Performance is normally measured over a three-year period against a range of pre-determined performance conditions. Normal LTIP awards are subject to a two-year post-vesting holding period. All LTIP awards are at the ultimate discretion of the Committee and the Committee retains an overriding ability to ensure that overall LTIP awards reflect its view of corporate performance during the period. LTIP awards may attract dividend equivalents for the duration of the vesting period.	The normal maximum LTIP award is 200% of base salary. The Committee retains discretion to grant a higher LTIP award in exceptional circumstances.	Performance is measured over a minimum three-year performance period. Targets are set for each performance period by the Committee. Performance metrics for the awards are based on adjusted profit growth.
Non-executive Director fees Provide a level of fees to support recruitment and retention of Non-executive Directors with the necessary experience to advise and assist with establishing and monitoring the Company’s strategic objectives.	Non-executive Directors are paid a base fee. Additional fees may also be paid for particular Board responsibilities, such as chairing a Board Committee. Fees are reviewed from time to time at the Remuneration Committee’s discretion, based on equivalent roles in an appropriate comparator group used to review salaries paid to the Executive Directors.	The base fees for Non-executive Directors are set at a market rate.	None.

Reduction or withdrawal of LTIP awards

The Committee may reduce, cancel or impose further conditions on an LTIP award in the event that there is a material misstatement of the Company’s audited financial results, a material failure of risk management, material misconduct on the part of the participant, a material breach of any applicable health and safety regulations, serious reputational damage to the Company as a result of the participant’s misconduct or any other circumstances which it considers to be similar in nature or effect.

Wider employee pay

As outlined in the Chair’s Statement, the Company is committed to developing the next tier of talent and the Committee spent some time during the year reviewing, with the Executive Directors, the remuneration of the senior leadership. The MD put forward proposals to the Committee for base salary and bonus potential together with long-term incentive awards in line with these individuals’ performance. The proposals also reflected the Executive Directors’ commitment to retaining and incentivising those individuals who are key to the future success of the Company with succession planning in mind.

Pay and conditions elsewhere in the Group were taken into account when considering arrangements for the remuneration of the Executive Directors. For 2025, the Executive Directors’ salary increases were set in line with those of the wider UK workforce. In addition, pension contributions are consistent with those for the wider employee population. The same overarching remuneration principles apply but are proportionate to an individual’s influence and responsibilities at Group level.

The Committee also encourages the participation of Midwich employees in share ownership and is supportive of the Group’s share participation and free share award programmes. At 31 December 2024, 70%[1] were either shareholders or participants in share awards that will vest in the next three years.

1 Excluding businesses acquired in 2023 and 2024.

Directors' service agreements and letters of appointment

The dates on which Directors' initial service agreements/letters of appointment commenced and the current notice periods are as follows:

Executive Directors	Date of original appointment	Term of appointment	Notice period
Stephen Fenby	13 April 2016	Continuous	Subject to nine months' written notice by either party
Stephen Lamb	26 July 2018	Continuous	Subject to nine months' written notice by either party

Non-executive Directors	Date of original appointment	Term of appointment	Notice period
Andrew Herbert	13 April 2016	Continuous	Subject to three months' written notice by either party
Mike Ashley	13 April 2016	Continuous	Subject to three months' written notice by either party
Hilary Wright	9 March 2018	Continuous	Subject to three months' written notice by either party
Alison Seekings	19 March 2024	Continuous	Subject to three months' written notice by either party

The Non-executive Directors' letters of appointment were renewed in March 2019, at which time the term of appointment was changed from three years to continuous. Performance of the Board and independence of the Non-executive Directors are assessed annually.

Executive and Non-executive Directors are subject to annual re-election by shareholders at the AGM.

Approach to recruitment remuneration of Executive Directors

The Company's approach when setting the remuneration of any newly recruited Executive Director will be assessed in line with the same principles for the existing Executive Directors, as set out in the service agreements above. The Remuneration Committee's approach to recruitment remuneration is to pay no more than is necessary to attract candidates of the appropriate calibre and experience needed for the role from the market in which the Company competes. The Remuneration Committee is mindful that it wishes to avoid paying more than it considers necessary to secure the preferred candidate and will have regard to guidelines and shareholder sentiment regarding one-off or enhanced short-term or long-term incentive payments made on recruitment and the appropriateness of any performance measures associated with an award. The Committee may also consider buying out awards forfeited from a previous employer as a result of joining the Group, generally considered on a like-for-like basis.

Executive Directors' termination payments

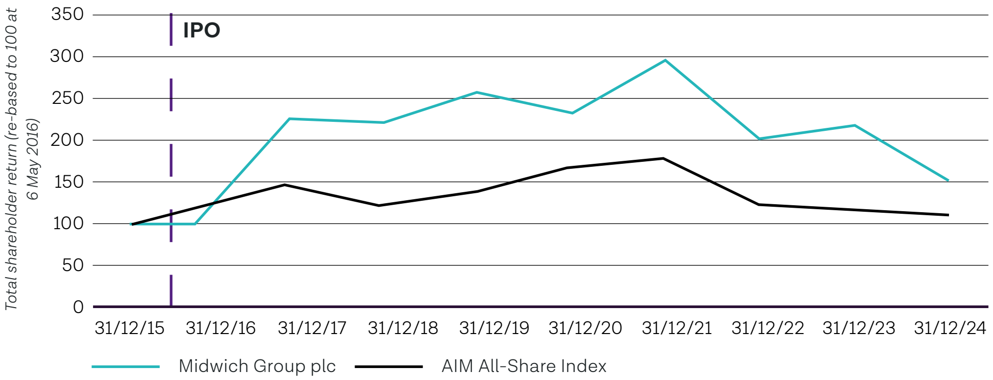
The Remuneration Committee will honour Executive Directors' contractual entitlements. Service agreements do not contain liquidated damages clauses. If a contract is to be terminated, the Remuneration Committee will determine such mitigation as it considers fair and reasonable in each case. There are no contractual arrangements that would guarantee a pension with limited or no abatement on severance or early retirement. There is no agreement between the Company and its Executive Directors or employees providing for compensation for loss of office or employment that occurs because of a takeover bid.

The Remuneration Committee reserves the right to make additional payments where such payments are made in good faith in discharge of an existing legal obligation (or by way of damages for breach of such an obligation), or by way of settlement or compromise of any claim arising in connection with the termination of an Executive Director's office or employment.

When determining any loss of office payment for a departing individual, the Remuneration Committee will always seek to minimise cost to the Company whilst seeking to address the circumstances at the time. For "good leavers" (typically leavers due to death, retirement, ill-health or such other circumstances as the Remuneration Committee considers appropriate), unvested LTIP awards will normally be retained subject to time pro-rating and vest on the normal timescales subject to the performance conditions. Unvested LTIP awards for other leavers will lapse.

Total shareholder returns

The chart below shows Midwich Group plc's annual TSR performance against the AIM All-Share Index over the period since IPO (May 2016).



The Committee believes that a well-run business will deliver superior returns to its shareholders over time. In the period since IPO, we have created over £85m of value through market capitalisation growth and dividends. Over the same period, we have out-performed the AIM All-Share Index by 35%.

Executive and Non-executive Director remuneration

The table below sets out the total remuneration with a breakdown for each Executive Director in respect of the 2024 financial year. Comparative figures for the 2023 financial year have also been provided.

	Base salary		Benefits[1]		Annual bonus		Pension[2]		LTIP[3]		Total	
	2024 £'000	2023 £'000	**2024 £'000**	2023 £'000	**2024 £'000**	2023 £'000	**2024 £'000**	2023 £'000	**2024 £'000**	2023 £'000	**2024 £'000**	2023 £'000
Stephen Fenby	**373**	360	**12**	12	**70**	293	**20**	19	**–**	–	**475**	684
Stephen Lamb	**300**	290	**16**	28	**56**	236	**16**	15	**–**	221	**388**	790

1 The taxable benefits received in 2023 and 2024 were principally company cars/car allowances and private medical insurance. Until March 2024, Stephen Lamb also received a contribution to weekday accommodation near the Company's head office.

2 Executive Directors receive pension contributions of 6% of base salary. Pension contributions were delivered as a salary supplement net of employer's National Insurance.

3 For 2023, this relates to the 2021 LTIP which was based on a three-year performance period to 31 December 2023. The value has been restated to reflect the gain as at the date of the final vesting. During the year, Stephen Fenby and Stephen Lamb exercised share options over 31,226 and 231,090 ordinary shares, with an exercise price of £0.01. The shares were exercised at share prices ranging from £3.63 to £4.13 and the resulting gain (before tax) was £113,038 and £948,765 respectively. Stephen Fenby retained all the shares exercised.Stephen Lamb sold shares to cover taxes and other dealing costs and therefore retained an interest in 115,545 shares.

The table below sets out the total remuneration and breakdown for each Non-executive Director.

	Fees		Total	
	2024 £'000	2023 £'000	**2024 £'000**	2023 £'000
Andrew Herbert	**93**	90	**93**	90
Mike Ashley	**50**	48	**50**	48
Hilary Wright	**48**	46	**48**	46
Alison Seekings (from March 2024)	**37**	–	**37**	–

Additional information regarding Directors' remuneration

The Remuneration Committee considers that performance conditions for all incentives are suitably demanding, having regard to the business strategy, shareholder expectations, the markets in which the Group operates and external advice. To the extent that any performance condition is not met, the relevant part of the award will lapse. There is no retesting of performance.

Base salary

Salary levels as at the end of the financial period were:

Executive Director	Base salary
Stephen Fenby	£372,600
Stephen Lamb	£300,150

Base salaries for the 2025 financial year are set out on page 84 of this report.

2024 bonus awards

The annual bonus opportunity for the Executive Directors in the year was a maximum of 125% of base salary and performance was assessed against the following metrics:

		Outcome (% of maximum)	
Performance measure	Weighting	Stephen Fenby	Stephen Lamb
Profit growth targets	65%	0%	0%
Other financial KPIs	25%	15%	15%
Strategic	10%	0%	0%
Total	100%	15%	15%

The following bonus awards were approved by the Remuneration Committee for the Executive Directors.

Executive Director	Bonus awarded (% of maximum)	Bonus awarded (% of salary)	Bonus awarded (£'000)
Stephen Fenby	15%	18.8%	70
Stephen Lamb	15%	18.8%	56

The Remuneration Committee considers that the specific performance targets for the 2024 annual bonus awards remain commercially sensitive.

2022 LTIP vesting

The purpose of the 2022 LTIP award was to incentivise the Group's leadership team to sustainably increase the scale and profitability of the Group as measured by 2024 adjusted profit before tax ("PBT"). For the Executive Directors, only the Group Finance Director was a participant in the award; given his substantial shareholding, the Group Managing Director did not participate in the LTIP.

Whilst the performance targets are generally considered to be commercially sensitive and not published in advance, we have responded to shareholder feedback to share the targets retrospectively. Set out below are the stretching targets compared to the final outcome.

	Performance targets (based on adjusted PBT)	Vesting (% of maximum award)
Base target	Less than base adjusted PBT (£45.0m)	nil
	Base PBT or more, but less than £52.7m	75% to 100%, determined on a straight-line basis
	£52.7m or more	100%
Actual outcome	£38.3m	0%

Whilst the above stretching targets were applicable to the Group's Executive Leadership Team, approximately 100 senior leaders across the Group are also participants in the 2022 LTIP scheme.

The Committee has considered the Group's performance in the context of the wider AV industry (noting the Group's significant out-performance vs the overall AV market over the performance period). It also evaluated both the Group's performance against its strategic objectives and shareholder returns during the performance period.

2022 LTIP vesting *continued*

Whilst the Committee wishes to acknowledge the business performance over the last three years, in challenging market conditions, and the hard work of the leadership team, it concluded that the formulaic outcome is appropriate.

Therefore, the 2022 LTIP award will fully lapse, with no vesting of the 2022 LTIP awards. The Committee has not exercised any discretion in relation to the final outcome.

Long-term incentives granted in 2024

The 2024 LTIP award for the Group Finance Director was granted on 2 December 2024 over 165,714 nominal cost options (158% of salary) and operates as follows:

- Base element (50%): subject to adjusted PBT targets. Subject to performance, the award will vest in 2027 and be subject to a two-year post-vesting holding period.
- Stretch element (50%): subject to adjusted EPS targets based on performance over the three-year period from 1 January 2024 to 31 December 2026. Subject to performance, the award will vest in 2027.

In addition to ambitious adjusted PBT targets, the Committee set very stretching adjusted EPS performance targets in excess of analyst forecasts for the stretch element which will only vest for significant out-performance. The Remuneration Committee considers the performance targets to be commercially sensitive, but notes that the threshold adjusted EPS performance target represents substantial growth. Details of the performance targets and actual performance will be disclosed retrospectively at the end of the performance period.

To reflect the substantial shareholdings of Stephen Fenby, and in line with the approach taken since IPO, no LTIP awards were granted to him during the year.

Share interests

The interests of Directors and their connected persons in Ordinary Shares and share options as at 31 December 2024 are presented in the table below.

Director	Ordinary Shares at 31 December 2024[1]	Vested but not exercised	Vested and subject to holding period	Unvested and subject to performance criteria	Percentage shareholding[2]	Percentage of salary held[2]
Stephen Fenby	17,562,396	–	–	–	16.85%	13,763%
Stephen Lamb	159,345	25,020	117,526	347,255	0.23%	229%
Andrew Herbert	40,000	–	–	–	0.04%	n/a
Mike Ashley	1,442	–	–	–	<0.01%	n/a
Hilary Wright	4,000	–	–	–	<0.01%	n/a
Alison Seekings	–	–	–	–	n/a	n/a
Total	17,767,183	25,020	117,526	347,255	n/a	n/a

1 Including closely associated people.

2 Based on a share price of £2.92 and base salary on 31 December 2024. Vested but not exercised shares are included in percentage shareholding after deducting an estimate for income tax.

All share options lapse, if they are not exercised, ten years after the grant date.

Non-executive fees in 2024

Fees at the end of the financial period were:

	Fees
Andrew Herbert	£93,150
Mike Ashley[1]	£49,610
Hilary Wright	£47,610
Alison Seekings	£47,610

1 Mike Ashley received an additional fee of £2,000 for being the Chair of the Remuneration Committee.

Non-executive Director fees for the 2025 financial year are set out on page 85 of this report.

Implementation of remuneration policy in 2025

Base salary

The salaries of both the MD and FD were increased by 2% from 1 January 2025, in line with the average increase for the wider workforce.

The table below sets out the base salaries effective from 1 January 2025 (with previous base salaries included for reference):

	As at 31 December 2024	**As at 1 January 2025**
Stephen Fenby	£372,600	**£380,052**
Stephen Lamb	£300,150	**£306,153**

Pension

Company pension contributions will remain at 6% of base salary. The MD and FD each elect to receive this via salary supplement of 6% of salary (less employer's National Insurance) in lieu of pension contributions.

Annual bonus

The normal maximum annual bonus for the MD and FD will be 125% of base salary. With a strong focus on net profit and profit margins, pay-outs will be determined by performance against the following targets:

- Profit growth targets (65% weighting);
- Other financial KPIs (25% weighting); and
- Strategic/sustainability (10% weighting).

In the event of an exceptional performance, the bonus scheme provides for a maximum payment of up to two times salary.

Long-term incentive

Whilst all Executive Directors will be eligible to participate in any long-term incentive awards granted during 2025, it should be noted that the Group MD has opted out of the annual LTIP awards since 2016. The Committee is in the process of finalising the approach for 2025 LTIP awards and will disclose the final details when these are finalised.

Non-executive Director fees

The base fees for the Chair of the Board and Non-executive Directors were increased by 2% from 1 January 2025. An additional fee of £2,000 is payable to the Chair of the Remuneration Committee.

The table below sets out the 2025 fees for the Non-executive Directors (with previous fees included for reference):

	As at 31 December 2024	**As at 1 January 2025**
Andrew Herbert	£93,150	**£95,000**
Mike Ashley	£49,610[1]	**£50,550**[1]
Hilary Wright	£47,610	**£48,550**
Alison Seekings	£47,610	**£48,550**

1 Includes £2,000 payable to the Chair of the Remuneration Committee.

Adviser

During the financial year, the Committee received independent advice from PwC and Deloitte. As founding members of the Remuneration Consultants Group, PwC and Deloitte voluntarily operate under the Voluntary Code of Conduct in relation to Executive remuneration consulting in the UK. The Remuneration Committee is satisfied that the advice received was objective and independent.

Approval

This report is approved by the Board on 17 March 2025 and signed on its behalf by:

Mike Ashley
Chair of the Remuneration Committee
17 March 2025

Directors' Report

The Directors present their report and the financial statements of the Group for the year ended 31 December 2024. Some disclosures that would normally be included in the Directors' Report are included in the Strategic Report. These include the review of the principal risks and uncertainties facing the business (page 57), stakeholder engagement (page 36), environmental reporting (page 43) and an indication of likely future developments for the Group (page 25).

Results and dividends

The profit after tax for the period amounted to £17.0m (2023: £28.9m).

The Company paid dividends in the year of £17.1m (2023: £15.0m).

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 reverse stress test 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 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.

Financial risk management and policies

The Group uses various financial instruments such as loans, invoice discounting, forward exchange contracts, trade receivables and trade payables that arise directly from its operations. The main purpose of the financial instruments is to provide working capital for the Group's operations.

The main financial risks arising from the Group's operations are credit risk, interest rate risk, currency risk and liquidity risk. The Directors review and agree policies for managing each of these risks and they are summarised below.

Credit risk

The Group's principal financial assets are cash and trade receivables.

In order to manage credit risk, the Directors prioritise the credit control function, and clear procedures are in place to take on new customers and manage and mitigate the impact of slow payers. The Group is a significant purchaser of credit insurance cover.

Interest rate risk

The Group's borrowing facilities, including its invoice discounting facilities, are linked to either SONIA or base rate. An increase in these benchmarks would impact the Group's cost of borrowing which, in turn, would affect the Group's financial performance.

The Group uses financial instruments to swap an element of its variable interest rate borrowings into fixed interest rates. The purpose of this is to provide greater certainty of future interest payments.

The Group regularly monitors its exposure to interest rate movements and, where appropriate, will consider further risk management products to mitigate this risk.

Currency risk

The Group companies largely source their goods and supply their customers in their domestic currency. In addition, many foreign currency denominated payments or receipts are hedged naturally with each other.

In the event of a long-term and material exposure to a movement in currency, the Group takes out risk management products to reduce the risk.

Liquidity risk

The Group seeks to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs and to invest cash assets safely and profitably.

Short-term flexibility is achieved by invoice finance facilities and overdraft facilities.

Directors

The Directors of the Company during the year and their beneficial interest in the Ordinary Shares of the Company at 31 December 2024 are set out below:

	Ordinary Shares[1]	
	2024	2023
Stephen Fenby	**17,562,396**	17,381,170
Stephen Lamb	**159,336**	44,069
Andrew Herbert	**40,000**	40,000
Mike Ashley	**1,442**	1,442
Hilary Wright	**4,000**	4,000
Alison Seekings	**—**	n/a
	17,767,174	17,470,681

1 Including closely associated people.

The Executive Directors' interests in share options of the Company are detailed on page 84.

Directors remuneration is included in note 7.

Directors' and officers' liability insurance

The Company maintains insurance cover for the Directors and key personnel against liabilities, which may be incurred by them while carrying out their duties.

Employee involvement and policies

We recognise the importance of our staff to the success of the business, since our product sales rely on the excellent service provided by our team. We aim to attract, motivate and retain the best people in our industry, regardless of race, age or disability. The Group provides its employees with information and consults with staff on matters of concern to them.

The Group gives full consideration to applications for employment from disabled persons where the requirements of the job can be adequately fulfilled by a disabled person. Where existing employees become disabled, it is the Group's policy, whenever practicable, to provide continuing employment under normal terms and conditions and to provide training and career development and promotion to disabled employees wherever appropriate.

For further information on employee engagement please refer to page 38 within the stakeholder engagement section of the Strategic Report.

The Board would like to thank our staff for the support, commitment and enthusiasm shown last year.

Substantial shareholders

The Company has been notified of the following interests of 3% or more in its issued share capital as at 20 February 2025:

	Number of shares	%
Midwich Group plc Directors and related parties	17,767,183	17.04%
Liontrust Asset Management PLC	14,820,193	14.22%
Octopus Capital Limited	13,544,754	12.99%
Granular Capital Ltd	9,670,224	9.28%
Rorema Beheer B.V.	5,214,879	5.00%
Aberdeen Group	4,789,883	4.59%
Janus Henderson Group plc	4,434,042	4.25%

Directors' Responsibilities Statement

The Directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare Group and Company financial statements for each financial year. The Directors have elected under company law and the AIM Rules of the London Stock Exchange to prepare Group financial statements in accordance with UK-adopted International Accounting Standards and have elected under company law to prepare the Company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law).

The Group financial statements are required by law and UK-adopted International Accounting Standards to present fairly the financial position and performance of the Group. The Companies Act 2006 provides in relation to such financial statements that references in the relevant part of that Act to financial statements giving a true and fair view are references to their achieving a fair presentation.

Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and the Company and of the profit or loss of the Group for that period.

In preparing each of the Group and Company financial statements, the Directors are required to:

a. select suitable accounting policies and then apply them consistently;

b. make judgements and accounting estimates that are reasonable and prudent;

c. for the Group financial statements, state whether they have been prepared in accordance with UK-adopted International Accounting Standards;

d. for the Company financial statements state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the Company financial statements; and

e. prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's and the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and the Company and enable them to ensure that the financial statements comply with the requirements of the Companies Act 2006. They are also responsible for safeguarding the assets of the Group and the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors confirm that:

- So far as each Director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- The Directors have taken all steps that ought to have been taken as a Director in order to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Midwich Group plc website.

Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Auditor

The auditor, RSM UK Audit LLP, will be proposed for reappointment in accordance with Section 485 of the Companies Act 2006.

This report was approved by the Board and signed on its behalf.

Mr S B Fenby
Director
17 March 2025

Company registration number: 08793266

Contents

Financial Statements.

Case study

ENABLING TOMORROW

Midwich Ignite: A Year of Growth and Innovation

Supporting AV Entrepreneurs

Launched in January 2024 at ISE Barcelona, Midwich Ignite, the corporate venture capital (CVC) arm of Midwich Group, was established to fund and support entrepreneurs in the audio-visual (AV) industry. Over the past year, Ignite has invested in five startups, whose technology ranges from voice cloning and translation to hybrid working software to video flame detection. Dan Bladen, CEO of Ignite portfolio company Kadence, said:

"...Thanks to Midwich, we've already established partnerships with leading AV companies and look forward to helping thousands of Midwich customers unlock the benefits of coordinated hybrid work with Kadence."

Strategic Investment and Market Impact

Ignite operates at the intersection of financial investment and industry expertise, leveraging Midwich Group's network and market insights to accelerate portfolio company growth. "We've been delighted by the market's response," said Will Fenby, Investment Manager. "Ignite fosters collaboration and innovation, benefiting both startups and the wider AV ecosystem."

Delivering Value to Investors

For shareholders, Ignite enhances Midwich Group's value by investing in high-potential AV technologies, smart spaces, and automation. By strategically supporting innovative startups, Ignite ensures sustainable growth and a competitive edge in the evolving AV market.

Looking Ahead

Ignite remains committed to identifying and supporting emerging innovations or www.midwichignite.com for more information.

IGNITE
BY MIDWICH

TO READ MORE ABOUT THE STORY USE THE QR CODE

Opinion

We have audited the financial statements of Midwich Group PLC (the 'parent company') and its subsidiaries (the 'Group') for the year ended 31 December 2024 which comprise the Consolidated Statement of Comprehensive Income, Consolidated and Company Statements of Financial Position, Consolidated and Company Statements of Changes in Equity, Consolidated Statement of Cash Flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in the preparation of the Group financial statements is applicable law and UK-adopted International Accounting Standards. The financial reporting framework that has been applied in the preparation of the parent company financial statements is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the parent company's affairs as at 31 December 2024 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with UK-adopted International Accounting Standards;
- the parent company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Group and the parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed entities and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Summary of our audit approach

Key audit matters	**Group** — Revenue recognition – cut-off — Revenue recognition - classification — Impairment of goodwill — Carrying value of the ERP intangible asset Parent Company — No key audit matters identified.
Materiality	Group — Overall materiality: £3,000,000 (2023: £1,827,000) — Performance materiality: £1,950,000 (2023: £1,187,550) Parent Company — Overall materiality: £1,470,000 (2023: £465,000) — Performance materiality: £956,000 (2023: £348,750)
Scope	Our audit procedures covered 90% of revenue, 88% of total assets and 80% of profit before tax.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Group and parent company financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) we identified, including those which had the greatest effect on the overall audit strategy, the allocation of resources in the audit and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the Group and parent company financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Revenue recognition cut-off

Key audit matter description	Under International Auditing Standards there is a rebuttable presumed risk of fraud that revenue may be misstated due to improper revenue recognition. There is a risk that the income is not recognised in the correct period in line with the requirements of IFRS 15 "Revenue from Contracts with Customers".
How the matter was addressed in the audit	We performed cut-off testing for each significant revenue stream to establish whether the recognition of revenue was in line with contractual arrangements. We assessed the adequacy of the revenue accounting policy included in note 1.

Key audit matters *continued*

Revenue recognition cut-off *continued*

Key observations	Our audit procedures identified certain sales in the UK and USA where the revenue had been recognised on dispatch rather than when control had passed to the customer in line with the requirements of IFRS 15. We did however note a similar level of errors in the prior year and hence the year-on-year impact on reported revenues was immaterial.

Revenue recognition – classification

Key audit matter description	The Group is a global distributor of AV products selling software licences and other ancillary services as well as hardware. There is a risk that the income is not recognised in line with the requirements of IFRS 15 with management judgement required on whether Midwich is acting as the principal or agent in a transaction.
How the matter was addressed in the audit	We challenged management's assessment of whether they were acting as a principal or agent under the terms of IFRS 15 and ensured suitable disclosure of the judgements taken in the financial statements. We also undertook substantive testing on revenue recognised during the year including use of a data analytical software to identify outliers in the revenue stream for testing. We assessed the adequacy of the revenue accounting policy and the significant revenue judgements included in note 1.
Key observations	Our challenge identified software sales which has been recognised on a gross principal basis rather than a net agent basis. This led to a reduction of £3.5 million (2023: £3.7 million) in revenue and cost of sales in the current and prior years as detailed in note 41. Management reassessed their treatment of carriage income which had historically been netted off selling and distribution costs. This led to an increase in revenue and selling and distribution costs of £9.6 million (2023: £9.7 million) in the current and prior years as detailed in note 41.

Impairment of goodwill

Key audit matter description	The goodwill recognised in respect of historical acquisitions is subject to an annual test for impairment under IAS 36 "Impairment of Assets". In performing the impairment review, management judgement is required in determining the cash generating units (CGUs) to which goodwill is allocated. In addition, there are a number of estimates in the impairment review including the growth in sales, level of costs and the discount rates adopted. The main area of focus was the Asia Pacific CGU due to the ongoing operating losses in this segment and the marginal headroom noted in the current and prior year.
How the matter was addressed in the audit	To respond to this key audit matter, we have: — challenged management's assessment of the CGUs chosen and ensured suitable disclosure of the judgements taken as included in note 1 to the accounts. — assessed the mathematical accuracy of the impairment models and ensured they were in line with the requirements of IAS 36. — challenged key assumptions within management's forecasts including assessing whether these are consistent with internal and external evidence. This included engaging our internal valuation experts to evaluate the discount rate adopted. — considered the consistency of the forecasts applied in this calculation with board approved budgets and forecast information assessed as part of our work on going concern. — undertook sensitivity analysis to understand the impact of alternative assumptions and any reasonably possible changes in management's assumptions, and evaluated the headroom available from different outcomes to assess whether goodwill could be impaired. — evaluated the appropriateness of disclosures made, including in respect of the key source of estimation uncertainty and sensitivity analysis as included in notes 1 and 14 of the accounts.
Key observations	Based on our audit work, we are satisfied that goodwill in relation to the Asia Pacific CGU is not materially misstated. The level of headroom highlighted in note 14 to the accounts is £2.1 million and the assessment is sensitive to changes in the level of future revenues and discount rates as highlighted in the disclosures included in this note.

Key audit matters *continued*

Carrying value of ERP intangible asset

Key audit matter description	The Group has incurred costs of £29.2 million on developing an ERP system solution that was implemented in France in the year and is planned to be rolled-out across the group. There is a risk that the solution may not be technically feasible and successfully implemented across the Group.
How the matter was addressed in the audit	We confirmed management's basis for capitalising development costs and determined whether they had been appropriately capitalised in accordance with IAS 38 "Intangible assets". This involved testing a sample of costs capitalised. In conjunction with our local French component audit team and UK IT specialists, we confirmed that the ERP system had been implemented in France and no significant ongoing matters had arisen that would question the technical feasibility of the system and its ability to be rolled-out across the Group. We challenged management on whether any of the developed technology was obsolete and should be derecognised in the current or previous years.
Key observations	As detailed in note 6, management has disposed of £4.6 million of capitalised costs in relation to obsolete technology following their experiences of the implementation in France as they will not form part of the ongoing ERP group-wide implementation.

Our application of materiality

When establishing our overall audit strategy, we set certain thresholds which help us to determine the nature, timing and extent of our audit procedures. When evaluating whether the effects of misstatements, both individually and on the financial statements as a whole, could reasonably influence the economic decisions of the users we take into account the qualitative nature and the size of the misstatements. Based on our professional judgement, we determined materiality as follows:

	Group	Parent company
Overall materiality	£3,000,000 (2023: £1,827,000)	£1,470,000 (2023: £465,000)
Basis for determining overall materiality	7.8% of adjusted profit before tax	1% of net assets
Rationale for benchmark applied	Adjusted profit before tax, is a key performance indicator used to measure the underlying performance of the group and is of primary interest to the users of the financial statements.	Net assets are an appropriate benchmark as one of the key indicators of the balance sheet strength of this non-trading holding company.
Performance materiality	£1,950,000 (2023: £1,187,550)	£956,000 (2023: £348,750)
Basis for determining performance materiality	65% of overall materiality	65% of overall materiality
Reporting of misstatements to the Audit Committee	Misstatements in excess of £150,000 and misstatements below that threshold that, in our view, warranted reporting on qualitative grounds.	Misstatements in excess of £74,000 and misstatements below that threshold that, in our view, warranted reporting on qualitative grounds.

An overview of the scope of our audit

The Group consists of 44 components, located in the following countries: Australia, Austria, Canada, England and Wales, France, Germany, Italy, The Netherlands, New Zealand, Norway, Qatar, Republic of Ireland, Saudi Arabia, Singapore, Spain, Portugal, Switzerland, United Arab Emirates; and the United States of America.

The coverage achieved by our audit procedures was:

	Number of components	Revenue	Total assets	Profit before tax
Full scope audit	10	78%	83%	72%
Specific audit procedures	5	12%	5%	8%
Total	**15**	**90%**	**88%**	**80%**

Of the above, full scope audits for 6 components and specific audit procedures for 2 components were undertaken by component auditors with the remainder completed by RSM UK Audit LLP.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the directors' assessment of the Group's and parent company's ability to continue to adopt the going concern basis of accounting included:

- reviewing management's board approved paper which set out the going concern basis, key forecasting assumptions, sensitivities and conclusion;
- Obtaining copies of management's forecasts, downside sensitivity analysis and reverse stress test for the Group and checking the mathematical accuracy of the forecasts, sensitivities and stress tests in arriving at cash and covenant headroom under the base case, sensitised case and stress test;
- Performing procedures on the key assumptions. This included comparing forecasts to historical actuals and current industry data;
- recalculating the required deterioration in revenue growth assumptions in the forecasts to trigger a breach in covenants and assessed the likelihood of this happening taking into account our assessment of the growth assumptions and available mitigating actions;
- checking the calculation of the availability of facilities, progress in renewing invoice discounting facilities and available covenant headroom to the Group and parent company during the going concern assessment period;
- reviewing any significant events subsequent to the balance sheet date impacting liquidity and assessing the impact on available cash and covenant headroom; and
- considering whether the financial statement disclosures in relation to going concern were appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group's or the parent company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Group and the parent company and their environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Directors' Report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 87, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

The extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities are instances of non-compliance with laws and regulations. The objectives of our audit are to obtain sufficient appropriate audit evidence regarding compliance with laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements, to perform audit procedures to help identify instances of non-compliance with other laws and regulations that may have a material effect on the financial statements, and to respond appropriately to identified or suspected non-compliance with laws and regulations identified during the audit.

In relation to fraud, the objectives of our audit are to identify and assess the risk of material misstatement of the financial statements due to fraud, to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud through designing and implementing appropriate responses and to respond appropriately to fraud or suspected fraud identified during the audit.

However, it is the primary responsibility of management, with the oversight of those charged with governance, to ensure that the entity's operations are conducted in accordance with the provisions of laws and regulations and for the prevention and detection of fraud.

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud, the Group audit engagement team and component auditors:

— obtained an understanding of the nature of the industry and sector, including the legal and regulatory frameworks that the Group and parent company operate in and how the Group and parent company are complying with the legal and regulatory frameworks;

— inquired of management, and those charged with governance, about their own identification and assessment of the risks of irregularities, including any known actual, suspected or alleged instances of fraud;

— discussed matters about non-compliance with laws and regulations and how fraud might occur including assessment of how and where the financial statements may be susceptible to fraud.

All relevant laws and regulations identified at a Group level and areas susceptible to fraud that could have a material effect on the financial statements were communicated to component auditors. Any instances of non-compliance with laws and regulations identified and communicated by a component auditor were considered in our audit approach.

The most significant laws and regulations were determined as follows:

Legislation / Regulation	Additional audit procedures performed by the Group audit engagement team and component auditors included:
UK-adopted IAS, FRS 101 and Companies Act 2006	— Review of the financial statement disclosures and testing to supporting documentation. — Completion of disclosure checklists to identify areas of non-compliance.
Tax compliance regulations	— Input from a tax specialist on consideration of the application of tax laws applicable to the Group.
Trading laws	— ISAs limit the required audit procedures to identify non-compliance with these laws and regulations to inquiry of management and inspection of legal and regulatory correspondence.

The areas that we identified as being susceptible to material misstatement due to fraud were:

Risk	Audit procedures performed by the audit engagement team:
Revenue recognition	— See key matter on revenue recognition cut-off above.
Management override of controls	— Testing the appropriateness of journal entries and other adjustments; — Assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and — Evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: http://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

NEIL STEPHENSON (Senior Statutory Auditor)
For and on behalf of RSM UK Audit LLP, Statutory Auditor
Chartered Accountants
1st Floor, Platinum Building
St John's Innovation Park
Cowley Road
Cambridge
CB4 0DS
17 March 2025

Consolidated statement of comprehensive income

For the year ended 31 December 2024

	Notes	2024 £'000	2023 £'000 (Restated)[1]
Revenue	3	**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	4	**8,500**	7,016
Operating profit	5	**24,133**	41,583
Comprising			
Adjusted operating profit		**48,299**	59,593
Acquisition costs	36	**(1,124)**	(1,489)
Exceptional items	6	**11,962**	–
Share based payments	34	**888**	(4,738)
Employer taxes on share based payments	34	**419**	(603)
Amortisation of brands, customer relationships, and supplier relationships	15	**(12,387)**	(11,180)
		24,133	41,583
Share of profit after tax from associate	13	**84**	24
Other gains and losses	8	**8,621**	4,494
Finance income		**812**	293
Finance costs	9	**(11,339)**	(9,847)
Profit before taxation		**22,311**	36,547
Taxation	10	**(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	11	**15.69p**	27.98p
Diluted earnings per share	11	**15.18p**	27.06p

The financial statements are also comprised of the notes on pages 100 to 137.

1 Comparative information has been restated as detailed in note 41.

	Notes	2024 £'000	2023 £'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	31	**(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

The financial statements are also comprised of the notes on pages 100 to 137.

Consolidated statement of financial position

As at 31 December 2024

	Notes	2024 £'000	2023 £'000 (Restated)[1]
Assets			
Non-current assets			
Investments	13	**393**	299
Goodwill	14	**60,418**	51,216
Intangible assets	15	**123,547**	117,009
Right of use assets	16	**19,038**	21,051
Property, plant and equipment	17	**19,709**	16,640
Derivative financial instruments	22	**1,608**	2,031
Deferred tax assets	10	**151**	617
		224,864	208,863
Current assets			
Inventories	18	**174,448**	165,588
Derivative financial instruments	22	**572**	53
Current tax asset		**4,057**	–
Trade and other receivables	19	**197,562**	209,140
Cash and cash equivalents		**49,160**	56,135
		425,799	430,916
Current liabilities			
Trade and other payables	20	**(213,567)**	(216,229)
Derivative financial instruments	22	**–**	(26)
Put option liabilities over non-controlling interests	23	**(11,682)**	(21,958)
Deferred and contingent considerations	24	**(3,835)**	(11,694)
Borrowings and financial liabilities	25	**(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

	Notes	2024 £'000	2023 £'000 (Restated)[1]
Non-current liabilities			
Trade and other payables	20	**(2,645)**	(3,915)
Put option liabilities over non-controlling interests	23	**–**	(743)
Deferred and contingent considerations	24	**(1,758)**	(3,685)
Borrowings and financial liabilities	25	**(157,541)**	(113,180)
Deferred tax liabilities	10	**(20,574)**	(18,920)
Retirement benefit obligation	31	**(2,005)**	(1,562)
Provisions	21	**(1,515)**	(2,398)
		(186,038)	(144,403)
Net assets		**189,154**	196,144
Equity			
Share capital	32	**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

1 Comparative information has been restated as detailed in note 41.

The financial statements are also comprised of the notes on pages 100 to 137. 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

Consolidated statement of changes in equity

For the year ended 31 December 2024

	Share capital £'000 (note 32)	Share premium £'000	Investment in own shares £'000 (note 32)	Retained earnings £'000	Other reserves £'000 (note 33)	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 32)	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 35)	—	—	—	3,740	11,716	15,456	(15,456)	—
Dividends paid (note 38)	—	—	—	(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**

Consolidated statement of changes in equity

For the year ended 31 December 2023

	Share capital £'000 (note 32)	Share premium £'000	Investment in own shares £'000 (note 32)	Retained earnings £'000	Other reserves £'000 (note 33)	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 32)	144	49,912	(23)	—	—	50,033	—	50,033
Shares purchases (note 32)	—	—	(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 36)	—	—	—	—	(7,850)	(7,850)	7,850	—
Dividends paid (note 38)	—	—	—	(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

The financial statements are also comprised of the notes on pages 100 to 137.

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	36	**(12,937)**	(42,359)
Deferred and contingent consideration paid	24	**(12,993)**	(9,300)
Investment in associate and other entities	13	**(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)

	Notes	2024 £'000	2023 £'000
Net cash flows from financing activities			
Proceeds on issue of shares	32	**–**	51,250
Costs associated with shares issued	32	**–**	(1,217)
Purchase of own shares	32	**–**	(600)
Proceeds on exercise of share options	34	**7**	10
Acquisition of non-controlling interest	35	**(11,853)**	(61)
Dividends paid	38	**(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

The financial statements are also comprised of the notes on pages 100 to 137. A reconciliation of debt is included in note 25.

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.

Basis of consolidation

The consolidated financial statements incorporate the results of Midwich Group plc and entities controlled by the Company (its subsidiaries). A subsidiary is a company controlled directly by the Group. Control is achieved where the Group has the power over the investee, rights to variable returns and the ability to use the power to affect the investee's returns. Income and expenses of subsidiaries acquired during the year are included in the consolidated income statement from the effective date of control. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the Company.

The Group applies the acquisition method of accounting to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair value of the assets transferred, the liabilities incurred, and the equity interests issued by the Group. Identifiable assets acquired, and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group recognises identifiable assets acquired and liabilities assumed in a business combination regardless of whether they have been previously recognised in the acquiree's financial statements prior to the acquisition. Goodwill is stated after separate recognition of identifiable intangible assets. It is calculated as the excess of the sum of a) fair value of consideration transferred, b) the recognised amount of any non-controlling interest in the acquiree and c) acquisition-date fair value of any existing equity interest in the acquiree, over the acquisition-date fair values of identifiable net assets. If the fair values of identifiable net assets exceed the sum calculated above, the excess amount (i.e. gain on a bargain purchase) is recognised in profit or loss immediately.

Non-controlling interests in the net assets of consolidated subsidiaries are identified separately within the Group's equity. Non-controlling interests consist of the amount of those interests at the date of the original business combination and the non-controlling shareholders' share of changes in equity since the date of the combination. Non-controlling interests are measured initially at fair value.

Acquisition-related costs are expensed as incurred and all intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

Acquisition of interests from non-controlling shareholders

Acquisitions of non-controlling interests in subsidiaries are accounted for as transactions between shareholders. There is no remeasurement to fair value of net assets acquired that were previously attributable to non-controlling shareholders.

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.

1. Accounting policies *continued*

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.

Foreign currency

The presentation currency for the Group's consolidated financial statements is Sterling. Foreign currency transactions by group companies are recorded in their functional currencies at the exchange rate at the date of the transaction. Monetary assets and liabilities are translated at rates in effect at the reporting date with any gain or loss on foreign exchange adjustments usually being credited or charged to the income statement. The Company's functional currency is Sterling. On consolidation the assets and liabilities of the subsidiaries with a functional currency other than Sterling are translated into the Group's presentational currency at the exchange rate at the reporting date and the income and expenditure account items are translated at the average rate for the period. The exchange difference arising on the translation from functional currency of subsidiaries to the presentational currency the Group is classified as other comprehensive income and is accumulated within equity as a translation reserve. The balance of the foreign currency translation reserve relating to a subsidiary that is partially or fully disposed of is recognised in the income statement at the time of disposal.

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.

Supplier rebates and other income

Supplier rebates and promotional income from suppliers are recognised as the conditions attached to the rebate or income are satisfied and after deducting any probable liability to repay the rebate or income. Supplier rebates are deducted from inventory or recorded within cost of sales depending on the contractual terms of the rebate. The amount of supplier rebates deducted from inventory and recognised in cost of sales is disclosed in note 18. Promotional income from suppliers does not relate to the purchase of inventory and is recognised within other operating income when earnt. The amount of promotional income from suppliers recognised in other income is disclosed in note 4.

Exceptional items

Exceptional items are amounts that are disclosed separately to provide transparency and comparability. Exceptional items include restructuring costs, loss on disposal of development costs, and loss of inventory due to a fire. Further details of exceptional items are disclosed in note 6.

Finance income and costs

Interest income and expense is recognised using the effective interest method which calculates the amortised cost of a financial asset or liability and allocates the interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments through the expected life of the financial asset or liability to the net carrying amount of the financial asset or liability.

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.

Investments

Investments that are held for trading are valued at cost less provision for any permanent impairment. Investments in associates are initially valued at cost and subsequently valued using the equity method to include the Group's share of post acquisition profit after tax.

1. Accounting policies *continued*

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

Right of use assets

Right of use assets are recognised at the commencement date of the lease when the asset is available for use. Right of use assets are initially measured at cost including initial direct costs incurred and the initial value of the lease liability. Right of use assets are subsequently measured at cost less any accumulated depreciation, impairment losses, and adjustments arising from lease modifications that are not a termination of the lease.

Depreciation is calculated using a 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:

— Land and buildings	Over the period of the lease up to a maximum of 50 years
— Plant and equipment	Over the period of the lease up to a maximum of 10 years
— Rental assets	Over the period of the lease up to a maximum of 10 years

Modifications to leases that decrease the scope of the lease are treated as a partial or full termination of a lease. A gain or loss on disposal is recognised when there is termination of a lease.

Property, plant and equipment

Property, plant and equipment are stated at historical cost less any depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition or construction of these items. Subsequent costs are included in the asset's carrying amount only when it is probable that future economic benefits associated with the item will flow to the Group and the costs can be measured reliably. All other costs, including repairs and maintenance costs, are charged to the income statement in the period in which they are incurred.

Depreciation is calculated using a 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:

— Land	Not depreciated
— Freehold buildings	50 years
— Leasehold improvements	Over the period of the lease up to a maximum of 50 years
— Rental assets	3-10 years
— Plant and equipment	3-10 years

1. Accounting policies *continued*

Property, plant and equipment *continued*

Depreciation is provided on cost less residual value. The residual value, depreciation methods and useful lives are reassessed annually. Each asset's estimated useful life has been assessed for limitations in its physical life and for possible future variations in those assessments. Estimates of remaining useful lives are made on a regular basis for all machinery and equipment, with annual reassessments for major items. Changes in estimates are accounted for prospectively. The gain or loss arising on disposal or scrapping of an asset is determined as the difference between the sales proceeds, net of selling costs, and the carrying amount of the asset and is recognised in the income statement.

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 instruments

Financial instruments are contracts that give rise to financial assets or financial liabilities and are recognised when the Group becomes a party to the contractual provisions of the instrument.

Derivatives are financial instruments that have a value that changes in response to a specific external factor and do not have a significant initial investment.

Financial assets

Financial assets include trade and other receivables, cash and cash equivalents, and derivative financial instruments with a positive market value.

The Group classifies financial assets into two categories:

— financial assets measured at amortised cost; and

— financial assets measured at fair value through profit or loss.

The classification of a financial asset depends on the Group's business model for managing the asset and the contractual cash flow characteristics associated with the asset.

Financial assets measured at amortised cost are initially measured at fair value plus 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.

Financial assets measured at fair value through profit and loss are initially and subsequently measured at fair value. Transaction costs directly attributable to the acquisition of the financial asset are recognised in the profit and loss.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all the risks and rewards are transferred.

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.

1. Accounting policies *continued*

Trade and other receivables

Trade and other receivables including intercompany debit balances are financial assets recognised when the Group becomes party to the contractual provisions of the instrument.

Trade and other receivables are initially measured at transaction price plus directly attributable transaction costs. Transaction price is equivalent to fair value for trade and other receivables that do not contain a significant financing component. Where trade and other receivables do contain a significant financing component the fair value is equivalent to the transaction price adjusted for the effects of discounting. The effects of discounting are not adjusted if it is expected at the inception of the contract that there will be a period of one year or less from when the goods or services are transferred to the customer to the payment date.

Trade and other receivables are subsequently measured at amortised cost using the effective interest method less expected credit losses. Expected credit losses are calculated based on probability weighted amounts derived from a range of possible outcomes that are based on reasonable supporting information and discounted for the time value of money. The Group applies the simplified approach to measure the loss allowance at an amount equal to lifetime expected credit losses including where trade receivables contain a significant financing component. The effects of expected credit losses are omitted if immaterial.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less from inception.

Borrowings

Borrowings include bank loans, overdrafts, amounts advanced under invoice factoring arrangements, and leases. Bank loans, overdrafts, and amounts advanced under invoice factoring arrangements are financial liabilities that are recognised when the Group becomes party to the contractual provisions of the instrument. Bank loans, overdrafts, and amounts advanced under invoice factoring arrangements are initially measured at fair value minus transaction costs directly attributable to the issue of the financial liability and are subsequently measured using the effective interest method. The effects of discounting within the effective interest method are omitted if immaterial. Where the contractual obligations of financial instruments (including share capital) are equivalent to a similar debt instrument, those financial instruments are classified as financial liabilities. Cash flows from invoice discounting facilities are classified as financing cash flows. Cash flows from invoice discounting facilities are presented net because the turnover of cash receipts and payments is quick, the amounts are large, and the maturities are short. Cash flows from loans are recognised gross unless the maturity period of the loan is less than three months. Cash inflows from receivables are classified as operating cash inflows. The business continues to recognise the receivables with the amount received from the factor is recorded as a financial liability.

Leases

Lease liabilities are initially measured at present value. The present value is comprised of fixed and variable payments discounted using the interest rate implicit in the lease unless it can't be readily determined, in which case payments are discounted using the incremental borrowing rate. Variable payments are payments that depend on a rate or index and are initially measured using the appropriate rate or index at the commencement date of the lease. Where a material variation to the initial measurement of lease payments occurs the lease liability is reassessed with a corresponding adjustment to the value of right of use asset.

Lease payments beyond a break clause or within an extension option are included in the measurement of present value provided it is reasonably certain that the lease will not be terminated before the respective break point or lease extension and there is no active plan to do so.

Finance costs are added to the lease liabilities at amounts that produce a constant periodic rate of interest on the remaining balance of the lease liabilities using the interest rates used to calculate the present value of the leases. Lease payments are deducted from the lease liability.

Short-term leases of less than 12 months or leases for low value assets are recognised on a straight-line basis as an expense in the income statement.

Trade and other payables

Trade and other payables are financial liabilities recognised when the Group becomes party to the contractual provisions of the instrument. Trade and other payables are initially measured at fair value minus transaction costs directly attributable to the issue of the financial liability. Trade and other payables are subsequently measured at amortised cost using the effective interest method.

Derivative financial instruments

Derivative financial instruments are recognised when the Group becomes party to the contractual provisions of the instrument. Derivative financial instruments are initially and subsequently measured at fair value. Any transaction costs directly attributable to the acquisition of the derivative financial instrument are recognised in the profit and loss. The fair values are determined by reference to active markets or using a valuation technique where no active market exists.

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.

Current taxation

Current tax payable or recoverable is based on taxable profit for the year. Taxable profit differs from profit as reported in the income statement because some items of income or expense are taxable or deductible in different years or may never be taxable or deductible. The Group's liability for current tax is calculated using UK and foreign tax rates and laws that have been enacted or substantively enacted by the end of the reporting period date.

1. Accounting policies *continued*

Deferred taxation

Deferred taxation is calculated using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, if the deferred tax arises from the initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss, it is not accounted for. No deferred tax is recognised on initial recognition of goodwill or on investment in subsidiaries. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date and are expected to apply when the related deferred tax asset is realised, or the deferred tax liability is settled. Deferred tax liabilities are provided in full and are not discounted. Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised. Changes in deferred tax assets or liabilities are recognised as a component of tax expense in the income statement, except where they relate to items that are charged or credited directly to equity, in which case the related deferred tax is also charged or credited directly to equity. Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

Provisions

Provisions are present obligations resulting from past events that are expected to result in a probable outflow of economic benefits but have an uncertain timing or amount. The Group's provisions include dilapidations and agency contract severance provisions.

Employment benefits

Provision is made in the financial statements for all employee benefits. Liabilities for wages and salaries, including non-monetary benefit and annual leave obliged to be settled within 12 months of the reporting date, are recognised in accruals. Contributions to defined contribution pension plans are charged to the income statement in the period to which the contributions relate.

The Group operates defined benefit pension plans in the Netherlands and Switzerland, which require contributions to separately managed funds. Both defined benefit pension plans are final salary pension schemes which provide members with a guaranteed income on retirement. Defined benefit pension scheme surpluses or deficits are calculated by independent qualified actuaries using actuarial assumptions applied to actual pension contributions and salaries. Where insufficient information is available to account for state plans or multi employer defined benefit pension schemes they are accounted for as defined contribution plans.

The Group also provides end of service benefits for employees in France, Italy, United Arab Emirates, Qatar and the Kingdom of Saudi Arabia. End of service benefit provisions are calculated by independent qualified actuaries using actuarial assumptions applied to actual contributions and salaries. The actuarial assumptions for both defined benefit pension plans and end of service benefits include return on assets, inflation, life expectancy, mortality rates and expected retirement ages. Actuarial assumptions are updated annually to reflect changes in market conditions and all actuarial gains and losses are recognised in other comprehensive income.

Equity

- "Share capital" represents the nominal value of equity shares issued.
- "Share premium" represents the amounts subscribed for share capital, net of issue costs, above the nominal value.
- "Investment in own shares" represents amounts of the Company's own shares held within an Employee Benefit Trust.
- "Share based payment reserve" represents the accumulated value of share based payments expensed in the income statement, along with any accumulated deferred tax credits or charges above or below amounts recognised in the income statement in respect of options that have yet to exercise.
- "Retained earnings" represents the accumulated profits and losses attributable to equity shareholders.
- "Translation reserve" represents the exchange differences arising from the translation of the financial statements of subsidiaries into the Group's presentational currency.
- "Put option reserve" represents the initial present value of put options over shares in a subsidiary held by non-controlling interest shareholders that have not been exercised.
- "Capital redemption" reserve represents the nominal value of shares repurchased by the Company.
- "Non-controlling interest" represents the share of a subsidiary's profit or loss and net assets that is not held by the Group.

The Group attributes total comprehensive income or loss of subsidiaries between the owners of the Parent and the non-controlling interests based on their respective ownership interests.

Share based payments

Equity-settled share based payments are measured at the fair value of the equity instrument. The fair value of the equity-settled transactions is recognised as an expense over the vesting period. The fair values of the equity instruments are determined at the date of the grant incorporating market based vesting conditions. The fair value of goods and services received is measured by reference to the fair value of options. The fair values of share options are measured using the Black Scholes model. The Black Scholes model is used even where market conditions exist so long as the market conditions do not prevent the Black Scholes model from calculating the fair value of the option reliably. The expected life used in the models is adjusted, based on management's best estimate of the effects of non-transferability, exercise restrictions and behavioural considerations. The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance or service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award ("the vesting date").

1. Accounting policies *continued*

Share based payments *continued*

The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The income statement charge or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period. No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition, which are treated as vesting irrespective of whether the market condition is satisfied, provided that all other performance or service conditions are satisfied. Where the terms of an equity-settled award are modified, the minimum expense recognised is the expense as if the terms had not been modified. An additional expense is recognised for any modification, which increases the total fair value of the share based payment arrangement, or is otherwise beneficial to the employee as measured at the date of modification. Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award. Where an equity-settled award is forfeited during the vesting period, the cumulative charge expensed up to the date of forfeiture is credited to the income statement.

Employee Benefit Trust

The assets and liabilities of the Employee Benefit Trusts (EBT) have been included in the Group and Company financial statements. Any assets held by the EBT cease to be recognised on the statement of financial position when the assets vest unconditionally in identified beneficiaries. The costs of purchasing own shares held by the EBT are shown as a deduction within shareholders' equity. The proceeds from the sale of own shares are recognised in shareholders' equity. Neither the purchase nor sale of own shares leads to a gain or loss being recognised in the income statement.

Segment reporting

An operating segment is a component of an entity that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses related to transactions with other components of the same entity), whose operating results are regularly reviewed by the entity's Chief Operating Decision Maker to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available. The Chief Operating Decision Maker has been identified as the Managing Director, at which level strategic decisions are made. Details of the Group's reporting segments are provided in note 2.

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.

1. Accounting policies *continued*

Use of alternative performance measures *continued*

- **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 intangibles, 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 40. Adjusted performance measures are also provided in the financial highlights within the strategic report on pages 31 to 35.

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.

1. Accounting policies *continued*

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

Put options over non-controlling interests *continued*

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 gross value and write down of inventories, as well as cost of inventory write downs in the period, are disclosed in note 18.

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%.

1. Accounting policies *continued*

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 36 and the carrying values of separately identifiable intangible assets initially measured at fair value are disclosed in note 15.

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. The fair value of contingent consideration is disclosed in note 24 and the amortised cost of put option liabilities is disclosed in note 23. Both notes provide information on the sensitivity of the values to changes in unobservable inputs.

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. Information on the sensitivity of the value of goodwill and intangible fixed assets to changes in unobservable inputs of impairment assessments is provided in note 14.

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
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

2. Segmental reporting *continued*

Operating segments *continued*

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
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 41.

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. Revenue

Revenue is all derived from continuing operations. The analysis of revenue by category:

	2024 £'000	2023 £'000 (Restated)[1]
Sale of goods and ancillary services at a point in time	**1,278,181**	1,258,763
Ancillary services recognised over time	**34,481**	32,340
Rental of goods (operating lease income)	**4,351**	3,976
	1,317,013	1,295,079

1 Comparative information has been restated as detailed in note 41.

Revenue from the rental of goods arises from short term operating leases for rental assets. The Group retains the risks of ownership of the asset provided to the lessee. The leases require the customer to return the goods at the end of the lease term. Operating leases for more than one year are not material for the Group.

3. Revenue *continued*

The Group's exposure to risk during the lease term is primarily the same as the Group's exposure to risk from the sale of goods before payment from the customer. The primary risk is the credit risk arising from the customer's ability to pay for the goods or rental. To address the risk the Group engages a significant internal credit control function with clear procedures and controls designed to assess, manage, and mitigate credit risk. The Group also purchases extensive credit insurance to supplement its internal credit control function and provide further protection from credit risks. Further information on risks can be found in note 27.

4. Other operating income

	2024 £'000	2023 £'000
Promotional income from suppliers	8,313	6,973
Other income	187	43
	8,500	7,016

5. Operating profit

Operating profit is stated after charging:	2024 £'000	2023 £'000
Auditor's remuneration		
— audit services in relation to the Company	170	172
— audit services in relation to the subsidiaries	858	611
— audit related assurance services	—	26
Net loss/(gain) on foreign exchange	191	(1,098)
Short term lease cost	1,762	1,426

6. 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 note 39.

7. Directors and employees

The aggregate payroll costs of the employees were as follows:

	2024 £'000	2023 £'000
Staff costs		
Wages and salaries	90,762	84,101
Social security costs	12,071	10,573
Pension costs	4,034	2,695
	106,867	97,369

Average monthly number of persons, including directors, employed by the Group during the year was as follows:

	2024 Number	2023 Number
By activity:		
Administration	411	399
Sales and distribution	1,528	1,358
	1,939	1,757

	2024 £'000	2023 £'000
Remuneration of directors		
Remuneration	1,055	1,403
Gains on the exercise of share options	1,062	—
Employer contribution to defined contribution schemes[1]	36	34

	2024 £'000	2023 £'000
Emoluments of highest paid director		
Remuneration	372	665
Gains on the exercise of share options	949	—
Employer contribution to defined contribution scheme[1]	16	19

165,714 (2023: 128,889) share options were granted to directors under the Long Term Incentive Plan. 262,316 (2023: nil) share options held by directors under the Long Term Incentive Plan were exercised during the year. [1]Pension contributions were delivered as a salary supplement. Details of key management personnel and their remuneration is disclosed within note 37.

8. 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 (see note 13)	**1,205**	—
	8,621	4,494

1 Comparative information has been restated as detailed in note 41.

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.

9. 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 41.

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. See note 15 for further details of intangible assets arising from development.

10. Taxation on ordinary activities

Analysis of charge

	2024 £'000	2023 £'000
Current tax		
UK corporation tax for the current year	**1,053**	3,167
Pillar 2 corporation tax for the current year	**447**	—
Adjustment in respect of prior years	**125**	(864)
Total UK current tax	**1,625**	2,303
Overseas tax for the current year	**6,712**	7,450
Pillar 2 corporation tax for the current year	**51**	—
Adjustment in respect of prior years	**(1,351)**	(745)
Total overseas current tax	**5,412**	6,705
Total current tax	**7,037**	9,008
Deferred tax		
Deferred tax for the current year	**(2,436)**	(2,203)
Adjustment in respect of prior years	**748**	816
Total deferred tax	**(1,688)**	(1,387)
Tax on profit on ordinary activities	**5,349**	7,621

The reasons for the differences between the actual tax charge for the year and the standard rate of corporation tax in the United Kingdom applied to profits / (losses) for the year are as follows:

Reconciliation of the effective tax charge

	2024 £'000	2023 £'000
Profit on ordinary activities before taxation	**22,311**	36,547
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK for the period of 25% (2023: 23.5%)	**5,578**	8,596
Factors affecting tax expense for the year:		
Adjustment in respect of prior years	**(478)**	(793)
Tax losses with no available relief	**593**	711
Other permanent differences	**(1,228)**	1,030
Effects of different tax rates in foreign jurisdictions	**75**	(1,933)
Pillar 2 corporation tax	**498**	—
Effects of different tax rates in the UK	**—**	10
Effects of changes in tax rates in all jurisdictions	**311**	—
Total amount of tax	**5,349**	7,621

10. Taxation on ordinary activities *continued*

Reconciliation of the effective tax charge *continued*

The main UK corporation tax rate for 2024 was 25%. On 1 April 2023 the UK corporation tax rate increased from 19% to 25% from 1 April 2023. As such, an average corporation tax rate of 23.52% was used for 2023.

On 20 June 2023, the UK government enacted Pillar Two legislation. Under the legislation, it is expected that the Group will be required to pay top-up tax on profits of its subsidiaries that are taxed at an effective tax rate of less than 15 per cent. The legislation is effective for the Group's financial year beginning 1 January 2024. The Group is in scope of the substantively enacted legislation and has performed an assessment of the Group's potential exposure to Pillar Two income taxes for the year ending on 31 December 2024. The Group has applied a temporary mandatory relief from deferred tax accounting for the impacts of the Pillar Two top-up tax and accounts for it as a current tax when it is incurred.

The assessment of the potential exposure to Pillar Two income taxes is based on the most recent tax filings, country-by-country reporting and financial statements available for the constituent entities in the Group. Based on the assessment, the Group has identified potential exposure to Pillar Two income taxes in respect of profits earned in United Arab Emirates ('UAE'), Qatar and the Republic of Ireland. The Group has recognised a current tax expense of £498k related to the Pillar Two top-up tax (2023: nil). The potential exposure comes from the constituent entities (trading subsidiaries) in these jurisdictions where the Pillar Two effective tax rate is below 15%. The Pillar Two effective tax rate is lower in these jurisdictions as the Republic of Ireland and Qatar have a statutory corporation tax rate of 12.5% and 10% respectively. From 1 January 2024, the UAE has introduced corporation tax at a rate of 9%. Both the UAE and Qatar are expected to introduce a qualified domestic minimum top-up tax to increase the rate to 15% but this did not apply to the year ended 31 December 2024. Following the end of 2024, UAE announced that the qualified domestic minimum top-up tax would apply for financial periods starting on 1 January 2025. The Republic of Ireland has a qualified domestic minimum top-up tax in place for the year ended 31 December 2024.

The proportion of the Group's profit before tax from continuing operations for the year ended 31 December 2024 that would have been subject to Pillar Two income taxes is approximately 15%. The average effective tax rate under IFRS applicable to those profits is approx. 9% (applicable to UAE and Qatar is 9% and 10% respectively) before any adjustments for Pillar Two.

The Group is continuing to assess the impact of the Pillar Two income taxes legislation on its future financial performance and the proportion of profit before tax and the effective tax rates in 2025 will depend on factors such as revenues, costs and foreign currency exchange rates.

The Group has current year tax losses that arose in Australia, New Zealand, France, Netherlands, Switzerland, and Singapore that have sterling values of £1,026k, £95k, £543k, £225k, £743k and £402k respectively. The losses are available to offset future taxable profits in the companies they arose indefinitely except for the losses in Switzerland, which are restricted to seven years.

Deferred tax assets have not been recognised in respect of these losses as they may not be used to offset taxable profits elsewhere in the Group, and the majority have arisen in subsidiaries that have been loss-making for some time, and there are no other tax planning opportunities or other evidence of recoverability in the near future.

Deferred tax

	Accelerated allowance liabilities £'000	Company share schemes £'000	Total £'000
At 1 January 2023	9,575	(1,566)	8,009
Acquired in business combinations	11,444	—	11,444
Credited to income statement	(1,142)	(245)	(1,387)
Charged to equity	—	434	434
Foreign exchange movements	(197)	—	(197)
At 31 December 2023	19,680	(1,377)	18,303
Acquired in business combinations	4,549	—	4,549
(Credited)/charged to income statement	(2,458)	770	(1,688)
Charged to equity	—	115	115
Foreign exchange movements	(856)	—	(856)
At 31 December 2024	**20,915**	**(492)**	**20,423**

	2024 £'000	2023 £'000
Deferred tax asset	**151**	617
Deferred tax liability	**(20,574)**	(18,920)
Net deferred liability	**(20,423)**	(18,303)

11. 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.

	2024	2023
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

12. Subsidiary undertakings

The following subsidiary and associate undertakings have been included within the consolidated financial statements and are all held indirectly unless otherwise stated:

Name	Address	Principal activity	Country of incorporation	Assessed control held by the Group 2024	2023
Midwich Limited[1]	Vince's Road, Diss IP22 4YT	Distribution of audio visual solutions	England and Wales	**100%**	100%
Midwich Employees' Trustees Limited	Vince's Road, Diss IP22 4YT	Dormant	England and Wales	**100%**	100%
Square One Distribution Limited	Bray South Business Park, Unit 9, Killarney Rd, Bray, Co. Wicklow, A98 D7V2	Distribution of audio visual solutions	Republic of Ireland	**100%**	100%
Sidev SAS	183 Av. de l'Industrie, 69143 Rillieux-la-Pape	Distribution of audio visual solutions	France	**100%**	100%
Midwich Australia Pty Limited	Suite 1101, Level 11, Tower 1, 495 Victoria Avenue, Chatswood NSW 2067	Distribution of audio visual solutions	Australia	**100%**	100%
Midwich Limited	7a 19 Edwin Street, Mount Eden, Auckland 1024	Distribution of audio visual solutions	New Zealand	**100%**	100%
Kern Und Stelly Medientechnik GmbH	Sportallee 8, 22335 Hamburg	Distribution of audio visual solutions	Germany	**100%**	100%
Holdan Limited[2]	Vince's Road, Diss IP22 4YT	Dormant	England and Wales	**100%**	100%
Midwich Iberia S.A.U.	Carrer Miguel Hernández, 69, 08908 L'Hospitalet de Llobregat, Barcelona	Distribution of audio visual solutions	Spain	**100%**	100%
Gebroeders van Domburg B.V.	Kolenbranderstraat 10, 2984 AT Ridderkerk	Holding company	Netherlands	**100%**	100%
van Domburg Partners B.V.	Kolenbranderstraat 10, 2984 AT Ridderkerk	Distribution of audio visual solutions	Netherlands	**100%**	100%
Transport en Opslagbedrijf van Domburg B.V.	Kolenbranderstraat 10, 2984 AT Ridderkerk	Provision of logistics services	Netherlands	**100%**	100%
van Domburg Services B.V.	Kolenbranderstraat 10, 2984 AT Ridderkerk	Provision of administration support to other Group companies	Netherlands	**100%**	100%
Dutch Light Pro B.V.	Kolenbranderstraat 10, 2984 AT Ridderkerk	Distribution of lighting products	Netherlands	**100%**	100%
Sound Technology Limited	Vince's Road, Diss IP22 4YT	Distribution of professional audio and musical solutions	England and Wales	**100%**	100%
Bauer Und Trummer GmbH	Pirnaer Strasse 20, 90411 Nuremberg	Distribution of audio visual solutions	Germany	**100%**	100%
Holdan Benelux B.V.	Kolenbranderstraat 10, 2984 AT Ridderkerk	Distribution of professional broadcast solutions	Netherlands	**100%**	100%
Blonde Robot Pty Limited	8 Theobald St, Thornbury, Melbourne, Victoria 3071	Distribution of audio visual solutions	Australia	**100%**	100%
Blonde Robot Pte Limited	51 Goldhill Plaza, 308900	Distribution of audio visual solutions	Singapore	**100%**	100%
MobilePro AG	Europa-Strasse 19a, 8152 Glattbrugg	Distribution of audio visual solutions	Switzerland	**100%**	100%
Midwich Asia Pte Limited	229 Mountbatten Rd, 1-19 Mountbatten Square, 398007	Distribution of audio visual solutions	Singapore	**100%**	100%
Prase Engineering SpA	Via Nobel, 10, 30020 Noventa di Piave VE	Distribution of audio visual solutions	Italy	**100%**	100%
AV Partner AS	Ole Deviks v. 18, 0666 Oslo	Distribution of audio visual solutions	Norway	**100%**	100%
New Tension Inc	136 Venturi Drive, Chesterton, Indiana 46304	Holding company	United States of America	**100%**	100%
Starin Marketing Inc	136 Venturi Drive, Chesterton, Indiana 46304	Distribution of audio visual solutions	United States of America	**100%**	100%
Think Fast Holdings LLC	136 Venturi Drive, Chesterton, Indiana 46304	Distribution of audio visual solutions	United States of America	**100%**	100%
Kern & Stelly Medientechnik Austria GmbH	1100 Wien, Wienerbergstraße 9, Vienna	Distribution of audio visual solutions	Austria	**100%**	100%
Midwich International Limited[3]	Vince's Road, Diss IP22 4YT	Holding company	England and Wales	**100%**	80%

12. Subsidiary undertakings *continued*

Name	Address	Principal activity	Country of incorporation	Assessed control held by the Group 2024	2023
Midwich UCD B.V.	Kolenbranderstraat 10, 2984 AT Ridderkerk	Distribution of unified communication and collaboration solutions	Netherlands	**100%**	100%
NMK Technologies Trading LLC[3]	Showroom 2-3, Building MJ Al-Falasi, Al Quoz 1, Dubai	Distribution of audio visual solutions	United Arab Emirates	**100%**	80%
NMK Electronics Trading LLC[3]	Showroom 2-3, Building MJ Al-Falasi, Al Quoz 1, Dubai	Distribution of audio visual solutions	United Arab Emirates	**100%**	80%
Edge Electronics Trading LLC[3]	Porto Holding Group Building, 2nd floor, Office 9, C- Ring Road, Doha	Distribution of audio visual solutions	Qatar	**100%**	80%
NMK International FZE[3]	Showroom 2-3, Building MJ Al-Falasi, Al Quoz 1, Dubai	Distribution of audio visual solutions	United Arab Emirates	**100%**	80%
NMK Middle East Trading LLC[3]	Riyadh Park Northern Ring Roadd, Al Aqiq, Riyadh 13511, Saudi Arabia	Distribution of audio visual solutions	Kingdom of Saudi Arabia	**100%**	80%
Cooper Projects Limited	Vince's Road, Diss IP22 4YT	Holding company	England and Wales	**65%**	65%
DVS Ltd	Vince's Road, Diss IP22 4YT	Distribution of security solutions	England and Wales	**65%**	65%
Edge CCTV Ltd	Vince's Road, Diss IP22 4YT	Distribution of security solutions	England and Wales	**65%**	65%
Nimans Limited	Vince's Road, Diss IP22 4YT	Distribution of audio visual solutions	England and Wales	**100%**	100%
Network Sales & Solutions Limited[4]	Vince's Road, Diss IP22 4YT	Dormant	England and Wales	**100%**	100%
Interquartz (U K) Limited	Vince's Road, Diss IP22 4YT	Dormant	England and Wales	**100%**	100%
Yealink (UK) Limited[4]	Vince's Road, Diss IP22 4YT	Dormant	England and Wales	**100%**	100%
SF Marketing Inc[5]	325 Bouchard Boulevard, Dorval, Quebec, H9S 1A9	Distribution of audio visual solutions	Canada	**100%**	100%

Name	Address	Principal activity	Country of incorporation	Assessed control held by the Group 2024	2023
Toolfarm.com Inc[6]	136 Venturi Drive, Chesterton, Indiana 46304	Dormant	United States of America	**100%**	100%
Digital Media Promos Inc[7,8]	18 East Abington Avenue, Philadelphia, Pennsylvania, 19118	Dormant	United States of America	**N/A**	N/A
HHB Communications Holdings Limited[9]	Vince's Road, Diss IP22 4YT	Holding company	England and Wales	**100%**	100%
HHB Communications Limited[9]	Vince's Road, Diss IP22 4YT	Distribution of professional audio and broadcast solutions	England and Wales	**100%**	100%
H H B Limited[9]	Vince's Road, Diss IP22 4YT	Dormant	England and Wales	**100%**	100%
Source Distribution Limited[9]	Vince's Road, Diss IP22 4YT	Dormant	England and Wales	**100%**	100%
Video Digital Import SL[10,11]	Carrer Miguel Hernández, 69, 08908 L'Hospitalet de Llobregat, Barcelona	Dormant	Spain	**100%**	100%
Video Digital Soluciones SL[10]	Carrer Miguel Hernández, 69, 08908 L'Hospitalet de Llobregat, Barcelona	Distribution of professional audio and broadcast solutions	Spain	**100%**	100%
Pulse Cinemas Holdings Limited[12,13]	Vince's Road, Diss IP22 4YT	Holding company	England and Wales	**100%**	100%
Pulse Cinemas Limited[12,13]	Vince's Road, Diss IP22 4YT	Distribution of home cinema solutions	England and Wales	**100%**	100%
prodyTel Distribution GmbH[14,15,16]	Mühlstraße 50, 90547, Stein	Dormant	Germany	**N/A**	51%
Midwich Portugal Unipessoal Lda[17]	Factory Lisbon S10 Avenida Infante D Henrique Numero 143	Distribution of audio visual solutions	Portugal	**100%**	100%
The Farm North West LLC[18]	6624 S 196th Street, Ste U-102 Kent, Washington 98032	Distribution of professional audio solutions	United States of America	**100%**	N/A
The Farm Norcal LLC[18]	2008 Opportunity Drive, Ste 160 Roseville, California 95678	Distribution of professional audio solutions	United States of America	**100%**	N/A

12. Subsidiary undertakings *continued*

Name	Address	Principal activity	Country of incorporation	Assessed control held by the Group 2024	2023
Dry Hire Lighting Limited[19]	Vince's Road, Diss IP22 4YT	Distribution of dry hire lighting solutions	England and Wales	**100%**	30%
UK Fire & Safety Limited[20]	Vince's Road, Diss IP22 4YT	Distribution of fire safety solutions	England and Wales	**100%**	N/A
Direct Cable Systems Limited[21]	Vince's Road, Diss IP22 4YT	Manufacture and distribution of cable solutions	England and Wales	**100%**	N/A

1 Investments held directly by Midwich Group plc.
2 Merged into Midwich Limited (UK) on 1 January 2024.
3 Acquired remaining shares on 16 April 2024. See note 35.
4 Merged into Nimans Limited on 1 January 2024.
5 Acquired 31 May 2023. See "SF Marketing" acquisition in note 36.
6 Acquired 5 July 2023. See "Toolfarm" acquisition in note 36.
7 Acquired 5 July 2023. See "76 Media" acquisition in note 36.
8 Merged into Starin Marketing Inc on 4 October 2023.
9 Acquired 12 July 2023. See "HHB" acquisition in note 36.
10 Acquired 21 July 2023. See "Video Digital" acquisition in note 36.
11 Merged into Midwich Iberia S.A.U. on 1 January 2024.
12 Acquired 31 July 2023. See "Pulse Cinemas" acquisition in note 36.
13 Merged into Midwich Limited (UK) on 1 March 2024.
14 Acquired 10 November 2023. See "prodyTel" acquisition in note 36.
15 Acquired remaining shares on 1 July 2024. See note 35.
16 Merged into Kern Und Stelly Medientechnik GmbH on 1 July 2024.
17 Incorporated 17 December 2023.
18 Acquired 19 January 2024. See "The Farm" acquisition in note 36.
19 Acquired 31 July 2024. See "Dry Hire Lighting" acquisition in note 36.
20 Acquired 1 October 2024. See "UK Fire" acquisition in note 36.
21 Acquired 2 October 2024. See "DCS" acquisition in note 36.

The following companies are exempt from the requirements of the Companies Act 2006 (the Act) relating to the audit of individual financial statements by virtue of section 479A of the Act:

Sound Technology Limited Co No. 01454050,
Cooper Projects Limited Co No. 10121998,
Dry Hire Lighting Limited Co No. 04803429,
Direct Cable Systems Limited Co No. 03409274.
Midwich International Limited Co No. 13021874,
DVS Ltd Co No. 04963144,
UK Fire & Safety Limited Co No. 06470601, and

Midwich Group plc guarantees any contingent and prospective liabilities that these companies are subject to in accordance with Section 479C of the Act.

13. Investments

	Total £'000
Cost	
At 1 January 2023	–
Investment in Dry Hire Lighting Limited	275
Share of profit after tax from associate	24
At 31 December 2023	299
Investments held for trading	393
Share of profit after tax from associate	84
Gain on remeasurement of previously held equity interest	1,205
Elimination on acquisition of control	(1,588)
At 31 December 2024	**393**

On 21 July 2023 the Group made an investment of £275k to acquire 30% of Dry Hire Lighting Limited. On 31 July 2024 the Group acquired control of the investment by obtaining the remaining 70% of shares. The initial investment of £275k plus the share of profit after tax accounted using the equity basis of £108k was revalued to £1,588k being 30% of the total equity value of the Dry Hire Lighting acquisition (see note 36). This resulted in the recognition of a £1,205k gain on remeasurement of a previously held equity interest. During the year the Group acquired non-redeemable preference shares that are held for trading.

14. Goodwill

	Total £'000
Cost	
At 1 January 2023	35,765
On acquisition of SF Marketing	3,792
On acquisition of Toolfarm	2,006
On acquisition of 76 Media	425
On acquisition of HHB	4,259
On acquisition of Video Digital	407
On acquisition of Pulse Cinemas	553
On acquisition of prodyTel	4,744
Foreign exchange movements	(735)
At 31 December 2023	51,216
On acquisition of The Farm	3,512
On acquisition of Dry Hire Lighting	1,745
On acquisition of UK Fire	272
On acquisition of DCS	4,691
Foreign exchange movements	(1,018)
At 31 December 2024	**60,418**

14. Goodwill *continued*

Allocation of goodwill to cash generating units

Goodwill is not amortised but tested for impairment annually with the recoverable amount being determined from value in use calculations. Goodwill has been allocated for impairment testing to Cash Generating Units (CGUs) for each operating segment, as follows:

Allocation of goodwill to CGUs	2024 £'000	2023 £'000
United Kingdom & Ireland	**29,850**	23,159
Europe, Middle East & Africa	**18,665**	19,355
Asia Pacific	**1,841**	1,994
North America	**10,062**	6,708
	60,418	51,216

The value in use calculation is based on cash flow projections from a formally approved 12-month forecast which has been extrapolated using an individual growth rate expected for each cash generating unit over a five-year period from the reporting date and cash flows beyond this period only include the terminal growth rate below.

Other major assumptions are as follows:

Forecast profitability assumptions

Management's key assumptions are the achievement of the forecast profits for the 12-month period after the reporting date and stable long-term profit margins of between 1.2–5.1% (2023: 2.3–5.4%). The 12-month forecast data is based on the most recent annual financial statements adjusted for management's best estimates of reasonable growth.

Growth rates

The annual growth rates used to extrapolate the approved forecast for years 2 to 5 are between 5.0% – 10.5% (2023: 2.5% – 10.5%). The growth rates are based on economic data for the wider economy and represent a prudent expectation of growth with a terminal growth rate of 2% (2023: 2%).

Discount rates

Discount rates are based on management's assessment of the specific risks relating to the CGUs of each operating segment. The risks included with the discount factors include both systematic risks and unsystematic risks. The discount factors are pre tax rates that vary by segment based on the country specific risk premium and the asset specific risks that are assessed according to the expected growth in the management budgets and forecasts. Discount rates used in the value in use calculation for assessing the recoverable amount of goodwill for each operating segment are as follows:

Operating segment	2024	2023
United Kingdom & Ireland	**15.1%**	13.7%
Europe, Middle East & Africa	**14.9%**	13.4%
Asia Pacific	**14.2%**	12.7%
North America	**14.2%**	12.7%

The recoverable amounts of each cash generating unit exceed the carrying amounts by the following amounts in each year assessed:

Amount by which recoverable amount exceeds carrying amount:

	2024 £'000	2023 £'000
United Kingdom & Ireland	**37,461**	63,053
Europe, Middle East & Africa	**89,002**	63,966
Asia Pacific	**2,100**	3,009
North America	**9,252**	12,910
Total	**137,815**	142,938

Sensitivity of amount by which recoverable amount exceeds carrying amount:

A 1% increase in the discount rates would lead to a £41,756k reduction of 30.3% in amounts by which recoverable amount exceeds carrying amount.

A 1% decrease in the discount rates would lead to a £49,040k increase of 35.6% in amounts by which recoverable amount exceeds carrying amounts.

A 1% increase or decrease in forecast operating profits would lead to a £6,181k increase or decrease of 4.5% in amounts by which recoverable amount exceeds carrying amount.

Neither an increase or decrease of 1% in discount rates or forecast operating profits would trigger an impairment.

The directors believe that any reasonable change in the key assumptions on which recoverable amount is based would not cause the aggregate carrying amount to exceed the aggregate recoverable amount for the United Kingdom & Ireland and Europe, and Middle East & Africa cash generating units. An increase of more than 1.48 percentage points to a discount factor of 15.7% would result in an impairment of the Asia Pacific cash generating unit. An increase of more than 1.42 percentage points to a discount factor of 15.6% would result in an impairment of the North America cash generating unit. A decrease of more than 3.7% in the forecast growth would result in an impairment of the Asia Pacific cash generating unit. A decrease of more than 2.9% in the forecast growth would result in an impairment of the North America cash generating unit.

15. Intangible assets

	Assets arising from development £'000	Patents and software £'000	Brands £'000	Customer relationships £'000	Supplier relationships £'000	Total £'000
Cost						
At 1 January 2023	10,432	2,316	15,486	41,671	49,735	119,640
On acquisition	–	286	3,571	13,040	27,564	44,461
Additions	10,075	289	–	–	–	10,364
Disposals	–	(47)	–	–	–	(47)
Foreign exchange movements	–	(104)	(349)	(810)	(1,613)	(2,876)
At 31 December 2023	20,507	2,740	18,708	53,901	75,686	171,542
On acquisition	–	–	1,500	4,419	10,023	15,942
Additions	9,317	170	–	–	–	9,487
Transfer	(29,192)	29,192	–	–	–	–
Disposals	–	(4,938)	–	–	–	(4,938)
Foreign exchange movements	–	(45)	(198)	(1,042)	(1,157)	(2,442)
At 31 December 2024	**632**	**27,119**	**20,010**	**57,278**	**84,552**	**189,591**
Amortisation						
At 1 January 2023	–	1,038	6,227	24,831	11,542	43,638
Charge for year	–	638	1,693	4,518	4,969	11,818
Disposals	–	(47)	–	–	–	(47)
Foreign exchange movements	–	(65)	(110)	(335)	(366)	(876)
At 31 December 2023	–	1,564	7,810	29,014	16,145	54,533
Charge for year	–	288	2,166	3,414	6,807	12,675
Disposals	–	(287)	–	–	–	(287)
Foreign exchange movements	–	(16)	(65)	(548)	(248)	(877)
At 31 December 2024	**–**	**1,549**	**9,911**	**31,880**	**22,704**	**66,044**
Net book value						
At 31 December 2023	20,507	1,176	10,898	24,887	59,541	117,009
At 31 December 2024	**632**	**25,570**	**10,099**	**25,398**	**61,848**	**123,547**

Included within assets arising from development, and patents and software are the capitalised development costs of an Enterprise Resource Planning system ("ERP"). Intangible assets arising from development comprises £632k (2023: £20,507k) relating to the developments for the ERP that have yet to be brought into use as intended. Upon successful initial implementation of the ERP £29,192k of the costs of the asset arising from development were available for use as management intended and transferred to patents and software to begin depreciation. Depreciation is charged to administrative expenses.

Included within intangible assets are £97,345k (2023: £95,326k) of separately identifiable intangible assets that were measured at fair value on acquisition in business combinations comprised of brands, customer relationships, and supplier relationships. Brands comprise the trade names, terms, designs, logos, and symbols that distinguish the business acquired to its customers. The customer relationships comprise the contractual and implicit relationships with customers. The supplier relationships comprise the contractual and implicit relationships with suppliers. These assets have subsequently been measured at cost less accumulated amortisation. The fair value of separately identifiable intangible assets is calculated based on the estimation of future trading performance, royalty rates, customer attrition rates, and supplier contract renewal rates. If the estimated fair values of intangible assets on acquisition were 10% higher or 10% lower the effect would be a decrease or increase of £1,239k respectively in the amortisation charge for the year.

The carrying amounts and remaining amortisation periods of individually material intangible assets for the current year are as follows:

	Patents and software £'000	Remaining amortisation period	Brands £'000	Remaining amortisation period	Customer relationships £'000	Remaining amortisation period	Supplier relationships £'000	Remaining amortisation period
UK&I	24,529	15 years	4,125	10 years	12,272	13 years	23,644	13 years
EMEA	–		1,592	9 years	7,337	11 years	19,460	14 years
APAC	–		91	4 years	606	4 years	180	4 years
NA	–		4,291	9 years	5,183	10 years	18,564	13 years
	24,529		10,099		25,398		61,848	

The carrying amounts and remaining amortisation periods of individually material intangible assets for the prior year are as follows:

	Brands £'000	Remaining amortisation period	Customer relationships £'000	Remaining amortisation period	Supplier relationships £'000	Remaining amortisation period
UK&I	4,296	10 years	9,552	11 years	20,185	13 years
EMEA	2,029	10 years	8,969	12 years	22,575	15 years
APAC	123	5 years	823	5 years	263	5 years
NA	4,450	10 years	5,543	11 years	16,518	14 years
	10,898		24,887		59,541	

16. Right of use assets

	Land and buildings £'000	Rental assets £'000	Plant and equipment £'000	Total £'000
Cost				
At 1 January 2023	28,072	1,685	1,873	31,630
On acquisition	1,423	—	41	1,464
Additions	4,319	460	160	4,939
Disposals	(4,319)	(36)	(1,499)	(5,854)
Foreign exchange movements	(686)	(64)	(101)	(851)
At 31 December 2023	28,809	2,045	474	31,328
On acquisition	1,350	—	—	1,350
Additions	1,041	948	238	2,227
Disposals	(374)	(49)	(397)	(820)
Foreign exchange movements	(1,085)	17	(12)	(1,080)
At 31 December 2024	**29,741**	**2,961**	**303**	**33,005**
Depreciation				
At 1 January 2023	8,390	590	1,091	10,071
Charge for year	3,370	685	646	4,701
Disposals	(2,599)	(36)	(1,487)	(4,122)
Foreign exchange movements	(203)	(66)	(104)	(373)
At 31 December 2023	8,958	1,173	146	10,277
Charge for year	3,915	773	257	4,945
Disposals	(336)	(16)	(397)	(749)
Foreign exchange movements	(519)	16	(3)	(506)
At 31 December 2024	**12,018**	**1,946**	**3**	**13,967**
Net book value				
At 31 December 2023	19,851	872	328	21,051
At 31 December 2024	**17,723**	**1,015**	**300**	**19,038**

17. Property, plant and equipment

	Land and buildings £'000	Leasehold improvements £'000	Rental assets £'000	Plant and equipment £'000	Total £'000
Cost					
At 1 January 2023	5,108	3,721	3,190	9,855	21,874
On acquisition	—	161	—	962	1,123
Additions	—	80	1,255	4,270	5,605
Disposals	—	(138)	(944)	(2,219)	(3,301)
Foreign exchange differences	(50)	(52)	—	(474)	(576)
At 31 December 2023	5,058	3,772	3,501	12,394	24,725
On acquisition	—	17	3,817	92	3,926
Additions	79	320	891	4,124	5,414
Disposals	(2)	(705)	(703)	(6,335)	(7,745)
Foreign exchange differences	(101)	(110)	—	(684)	(895)
At 31 December 2024	**5,034**	**3,294**	**7,506**	**9,591**	**25,425**
Depreciation					
At 1 January 2023	534	1,097	1,842	3,440	6,913
Charge for year	95	407	843	3,240	4,585
Disposals	—	(46)	(944)	(2,127)	(3,117)
Foreign exchange differences	(3)	(17)	—	(276)	(296)
At 31 December 2023	626	1,441	1,741	4,277	8,085
Charge for year	71	649	1,386	3,517	5,623
Disposals	—	(705)	(703)	(6,007)	(7,415)
Foreign exchange differences	(8)	(57)	—	(512)	(577)
At 31 December 2024	**689**	**1,328**	**2,424**	**1,275**	**5,716**
Net book value					
At 31 December 2023	4,432	2,331	1,760	8,117	16,640
At 31 December 2024	**4,345**	**1,966**	**5,082**	**8,316**	**19,709**

Included in land and buildings is land at £607k (2023: £607k) that is not depreciated.

18. Inventories

	2024 £'000	2023 £'000
Finished goods for resale		
Carrying amount of inventories	**174,488**	165,588

	2024 £'000	2023 £'000 (Restated)[1]
Amounts of inventories recognised as an expense:		
Gross of supplier rebates	**1,102,865**	1,087,536
Supplier rebates	**(21,792)**	(19,587)
Net of supplier rebates	**1,081,073**	1,067,949

	2024 £'000	2023 £'000
Write downs in inventories recognised as an expense	**681**	1,200
Reversal of write downs recognised as an expense	**—**	—
Decrease in inventory write downs on sale or disposal of inventory	**(2,782)**	(4,815)
	(2,101)	(3,615)

1 Comparative information has been restated as detailed in note 41.

Inventory write downs have been reported in cost of sales. Inventory write downs have only been reversed on the sale or disposal of inventory.

19. Trade and other receivables

	2024 £'000	2023 £'000 (Restated)[1]
Trade receivables	**174,558**	185,207
Other receivables	**6,672**	5,191
Prepayments and accrued income	**16,332**	18,742
	197,562	209,140

1 Comparative information has been restated as detailed in note 41.

Trade receivables includes a total of £89,328k (2023: £69,250k) subject to a receivables financing agreement.

Included within prepayments and accrued income is £71k (2023: £6k) of accrued income. The accrued income arises from the issue of sales invoices after revenue can be recognised. The revenue is recognised as the performance obligations are satisfied over time. The performance obligations relate to the rental of products, provision of warranties and services.

	2024 £'000	2023 £'000
Movements in the impairments of trade receivables		
Impairments at 1 January	**3,525**	4,342
Contractual cash flows not expected to be collected on acquisitions	**43**	450
Increase in impairments in the year	**729**	238
Release of impairments against receivables written off	**(570)**	(1,425)
Foreign exchange variance	**(113)**	(80)
Impairments at 31 December	**3,614**	3,525

20. Trade and other payables

Amounts falling due within one year:

	2024 £'000	2023 £'000 (Restated)[1]
Trade payables	**165,208**	162,786
Other taxation and social security	**19,600**	18,567
Other payables	**362**	312
Accruals and deferred income	**28,397**	34,564
	213,567	216,229

Amounts falling due after one year:

	2024 £'000	2023 £'000
Trade payables	**107**	17
Accruals	**2,538**	3,898
	2,645	3,915

Included within accruals and deferred income is £1,444k (2023: £1,469k) of deferred income. The deferred income arises from the issue of sales invoices before the revenue can be recognised. The revenue is recognised as the performance obligations are satisfied over time. The performance obligations relate to the rental of products, provision of warranties, and services. All significant performance obligations for deferred income are satisfied within 12 months of the invoice date.

1 Comparative information has been restated as detailed in note 41.

21. Provisions

	2024 £'000	2023 £'000
Dilapidations and other provisions	**1,167**	2,090
Agency contract severance provisions	**348**	308
	1,515	2,398

Dilapidations and other provisions	2024 £'000	2023 £'000
Provision at 1 January	**2,090**	2,140
Increase in provision	**87**	374
Amortised interest cost	**4**	4
Release of provision	**(1,006)**	(399)
Foreign exchange variance	**(8)**	(29)
Provision at 31 December	**1,167**	2,090

Dilapidations provision comprises liabilities in respect of future expected repair and restoration costs that the Group has obligations for under the terms of lease contracts. The release of provisions relates to reductions in the future expected repair and restoration costs that the Group has obligations for under the terms of lease contracts.

Agency contract severance provision	2024 £'000	2023 £'000
Provision at 1 January	**308**	218
Increase in provision	**56**	95
Foreign exchange variance	**(16)**	(5)
Provision at 31 December	**348**	308

Agency contract severance provision ("FISC") comprises liabilities in respect of future expected agency costs that the Group is required to settle on conclusion of the agent's contract in accordance with the terms and conditions of the contract and as required by statutory obligations for engaging agency workers in Italy.

22. Derivative financial instruments

	2024 £'000	2023 £'000
Derivative financial assets/(liabilities)		
Foreign currency forward contract (see note 26)	**388**	27
Call options to acquire shares (see note 26	**184**	—
Interest rate swaps (see note 26)	**1,608**	2,031
Net derivative financial instruments	**2,180**	2,058

	2024 £'000	2023 £'000 (Restated)[1]
Non current derivative financial assets	**1,608**	2,031
Current derivative financial assets	**572**	53
Current derivative financial liabilities	**—**	(26)
Net derivative financial instruments	**2,180**	2,058

During the year the Group entered into foreign currency call options and forward exchange contracts in relation to foreign currencies. Details of the Group's management of foreign exchange risk are included in note 27.

1 Comparative information has been restated as detailed in note 41.

23. Put option liabilities

	2024 £'000	2023 £'000
Current	**11,682**	21,958
Non-current	**—**	743
	11,682	22,701

The reconciliation of the carrying amounts of the put options is as follows:

	2024 £'000	2023 £'000
At 1 January	**22,701**	15,975
Recognition of put options over non-controlling interest acquired	**—**	7,850
Subsequent remeasurement to present value	**53**	(1,575)
Interest cost amortised	**826**	1,084
Gain on foreign exchange	**(45)**	(572)
Extinguished on acquisition of non-controlling interest	**(11,853)**	(61)
At 31 December	**11,682**	22,701

During the prior year the Group entered into a symmetrical put and call option contract to acquire the non-controlling interests created by the prodyTel acquisition (see note 36). The option to acquire the non-controlling interests was exercised during the year and further detail is provided in note 35.

During 2022 the Group entered into a symmetrical put and call option contract to acquire the non-controlling interests created by the acquisition of DVS Ltd. The non-controlling interests are due to be acquired when the put and call options are timed to be exercised in 2025.

During 2021 the Group entered into a symmetrical put and call option contract to acquire the non-controlling interests in Midwich International Limited created by the acquisition of NMK Technologies Trading LLC, NMK Electronics Trading LLC, Edge Electronics Trading LLC, NMK International FZE, and NMK Middle East Trading LLC. The option to acquire the non-controlling interests was exercised during the year and further detail is provided in note 35.

23. Put option liabilities *continued*

During 2019 the Group entered into a symmetrical put and call option contract to acquire the non-controlling interests created by the acquisition of Prase Engineering SpA. The put and call option to acquire the non-controlling interest in Prase Engineering SpA was exercised during 2022. £61k of the consideration was retained and settled in 2023.

The classification between current and non-current liabilities is based on management's best estimates of when the options will be exercised. Further details over the classification of put option liabilities is provided in note 26.

The put option liabilities are initially measured at present value and subsequently measured at amortised cost using the effective interest method. The put option liabilities are subsequently remeasured to present value when there are modifications in the contractual cash flows. Modifications in the contractual cash flows occur due to changes in the trading performance of the underlying entities over which the put option liabilities have been granted. The discount factors for put options remeasured at present value are determined on the initial recognition of the put option liability and remain constant if the put option is remeasured to present value. As the options have all reached maturity as at the end of 2024 a 10% increase or decrease in future trading performance of the underlying entities would not have any impact on the present value of the put option liabilities.

24. Deferred and contingent considerations

	2024 £'000	2023 £'000
Current:		
— Deferred consideration at amortised cost	**3,835**	8,089
— Contingent consideration	**—**	3,605
Total current deferred and contingent considerations	**3,835**	11,694
Non-current:		
— Deferred consideration at amortised cost	**77**	77
— Contingent consideration	**1,681**	3,608
Total non-current deferred and contingent considerations	**1,758**	3,685
Total deferred consideration at amortised cost	**3,912**	8,166
Total contingent consideration	**1,681**	7,213
Total deferred and contingent considerations	**5,593**	15,379

During the year the Group recognised deferred considerations at amortised cost in respect of The Farm, Dry Hire Lighting, and DCS acquisitions (see note 36). The deferred consideration for Dry Hire Lighting was settled during the year for £500k. The deferred considerations for The Farm and DCS are due to be settled in 2025.

During the year the Group recognised contingent considerations in respect of The Farm, Dry Hire Lighting, UK Fire, and DCS acquisitions (see note 36). The contingent consideration for Dry Hire Lighting is due to be settled in 2026. The contingent considerations for the UK Fire and DCS are due to be settled in 2027. The contingent consideration for The Farm is due to be partially settled in both 2025 and 2026 with a final settlement due in 2027.

During the prior year the Group recognised deferred considerations at amortised cost in respect of the SF Marketing, Video Digital, and Pulse Cinema acquisitions (see note 36). During the year the Group settled the deferred considerations SF Marketing and Pulse Cinemas for £1,144k and £168k respectively. The Group also partially settled the deferred consideration for Video Digital for £429k. The remaining deferred consideration for Video Digital is due to be fully settled in 2026.

During the prior year the Group recognised contingent considerations in respect of the 76 Media, HHB, Video Digital, Pulse Cinema and prodyTel acquisitions (see note 36). The contingent considerations for 76 Media, Video Digital, Pulse Cinema and prodyTel are due to be settled in 2026. During the year the contingent consideration for HHB was partially settled for £1,900k and with the remaining settlement due in 2025.

During 2022 the Group recognised deferred considerations in respect of the acquisitions of DVS Ltd and Nimans Limited. The deferred consideration for DVS Ltd was fully settled in the prior year for £3,800k. The deferred consideration for Nimans Limited was partially settled during the prior year for £5,500k and was fully settled during the year for £5,697k.

During 2021 the Group recognised contingent consideration in respect of the acquisition of the trade and assets of eLink Distribution AG. During the year the contingent consideration in relation to acquisition of the trade and assets of eLink Distribution AG was settled for £3,155k.

Total fair value of contingent consideration

	2024 £'000	2023 £'000
At 1 January	**7,213**	2,018
Arising on acquisitions	**5,710**	9,619
Settlement	**(5,055)**	—
Charged to income statement	**771**	607
Credited to income statement	**(6,867)**	(4,976)
Foreign exchange arising on translation	**(91)**	(55)
At 31 December	**1,681**	7,213

The maximum amount payable for all contingent considerations is £30,201k (2023: £18,360k). The minimum amount payable for contingent consideration is nil. Further details over the classification of put option liabilities is provided in note 26.

The fair value of contingent considerations is calculated based upon estimations of the future financial performance and position of businesses acquired and using appropriate discount factors that reflect risks which are not included in the cash flows being discounted. If the estimated future trading performance were 10% higher or 10% lower the effect would be an increase of £294k or decrease of £706k respectively in the fair value of the deferred contingent consideration liability. If the estimated discount factors were 1 percentage point higher or lower the effect would be a decrease of £33k or increase of £32k respectively in the fair value of the deferred contingent consideration liability.

25. Borrowings

	2024 £'000	2023 £'000
Secured borrowings		
— Bank overdrafts and invoice discounting	**36,850**	42,518
— Bank loans	**142,903**	96,198
— Leases (see note 29)	**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).

For details of leases please refer to note 29.

Borrowings

	2024 £'000	2023 £'000
Borrowings due within 1 year	**38,896**	44,534
Borrowings due after 1 year	**140,857**	94,182
Leases (see note 29)	**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

26. Financial instruments

Classification of financial instruments

The fair value hierarchy allocates financial assets and liabilities to groups according to three levels based on the significance of inputs used in measuring the fair value of the financial assets and liabilities.

The fair value hierarchy has the following levels:

— Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;

— Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

26. Financial instruments *continued*

Classification of financial instruments *continued*

— Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The level within which the financial asset or liability is classified is determined based on the lowest level of significant input to the fair value measurement. There were no transfers between Level 1 and Level 2 of the fair value hierarchy during the year (2023: none). Financial instruments measured at fair value through profit or loss comprise interest rate swaps, foreign currency exchange options, call options to purchase shares, and contingent consideration.

The valuation of the interest rate swaps, call options to purchase shares, and foreign exchange options contracts is based on observable inputs other than quoted prices and hence is a level 2 valuation.

The contingent considerations in relation to the current year acquisitions of The Farm, Dry Hire Lighting, UK Fire, and DCS (see note 24) have been measured at fair value. The valuations of the contingent considerations are based on unobservable inputs and hence are level 3 valuations. The fair values have been calculated using the discount rate adjustment technique. Discount factors of 17.2%, 21.5%, 23.3%, and 22.0% respectively have been applied to the most likely cash flows in each valuation.

The contingent considerations in relation to the prior year acquisitions of 76 Media, HHB, Video Digital, Pulse Cinemas, and prodyTel (see note 24) have been measured at fair value. The valuations of the contingent considerations are based on unobservable inputs and hence are level 3 valuations. The fair values have been calculated using the discount rate adjustment technique. Discount factors of 21.6%, 20.6%, 18.7%, 19.8%, and 16.8% respectively have been applied to the most likely cash flows in each valuation.

The put option liabilities over the remaining non-controlling interests (see note 23) were initially measured at present value. Put option liabilities over non-controlling interests are subsequently measured at amortised cost using the effective interest method. When contractual cash flows relating to a put option liability are modified the put option liability is remeasured at present value using the original effective interest rate.

A put option liability was recognised over the non-controlling interest for the acquisition of prodyTel (see note 36) in the prior year.

A put option liability was recognised over the non-controlling interest for the acquisition of DVS Ltd in 2022.

A put option liability was recognised over the non-controlling interest in Midwich International Limited created by the acquisition of NMK Technologies Trading LLC, NMK Electronics Trading LLC, Edge Electronics Trading LLC, NMK International FZE, and NMK Middle East Trading LLC in 2021.

The put option liability over the non-controlling interest for the prodyTel acquisition (see note 36) comprised a fixed amount and a variable amount that depends upon the performance of the business. The separate components of the put option liability have been measured at amortised cost using discount factors of 3.2% and 16.8% respectively. During the year there was a modification to the contractual cash flows relating to the put option liability and the put option liability was remeasured to present value. During the year the Group exercised the call option in relation to prodyTel (see note 35).

The put option liability over the non-controlling interest in DVS Ltd comprised a variable amount that depends upon the performance of the business. The put option liability was measured at amortised cost using a discount factor of 2.5%. During the year there was a modification to the contractual cash flows relating to the put option liability and the put option liability was remeasured to present value.

The put option liability over the non-controlling interest in Midwich International Limited comprised a variable amount that depends upon the performance of the business. The put option liability was measured at amortised cost using a discount factor of 10.2%. During the year there were no modifications to the contractual cash flows relating to the put option liability and no remeasurement to present value. During the year the Group exercised the call option in relation to Midwich International Limited (see note 35).

The expected cash flows in relation to the put option liabilities are provided in note 27. The maximum amount payable under all put option liabilities over non-controlling interests is £20,000k (2023: £38,890k).

The tables below set out the Group's accounting classification of each class of its financial assets and liabilities.

Financial assets

Financial assets at amortised cost

	2024 £'000	2023 £'000 (Restated)[1]
Trade, other receivables and accrued income (note 19)	**181,301**	190,404
Cash and cash equivalents	**49,160**	56,135
	230,461	246,539

1 Comparative information has been restated as detailed in note 41.

All of the above financial assets' carrying values are approximate to their fair values, as at each reporting date disclosed.

Financial assets at fair value through profit or loss

	2024 £'000	2023 £'000
Derivative financial instruments (note 22)	**2,180**	2,084

Financial liabilities at amortised cost

	2024 £'000	2023 £'000 (Restated)[1]
Trade and other payables (note 20)	**165,677**	163,115
Accruals (note 20)	**29,491**	36,993
Lease payables (note 29)	**22,836**	23,610
Put option liabilities (note 23)	**11,682**	22,701
Bank loans, overdrafts and invoice discounting (note 25)	**179,753**	138,716
Deferred consideration (note 24)	**3,912**	8,166
	413,351	393,301

1 Comparative information has been restated as detailed in note 41.

26. Financial instruments *continued*

Financial assets *continued*

All of the above financial liabilities' carrying values are considered by management to be approximate to their fair values, as at each reporting date disclosed.

Financial liabilities at fair value through profit or loss

	2024 £'000	2023 £'000
Derivative financial instruments (note 22)	–	26

Contingent consideration

	2024 £'000	2023 £'000
Contingent consideration (note 24)	1,681	7,213

27. 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. Further quantitative information in respect of these risks is presented in notes 19 to 26.

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.

27. Financial instrument risk exposure and management *continued*

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 £'000	Revised 2023 £'000	Impact £'000	Impact %
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 £'000	Revised 2022 £'000	Impact £'000	Impact %
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 25 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 £'000	**Within 2 months £'000**	**Within 2–6 months £'000**	**Between 6–12 months £'000**	**Between 1–2 years £'000**	**After than 2 years £'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 £'000	Within 2 months £'000	Within 2–6 months £'000	Between 6–12 months £'000	Between 1–2 years £'000	After than 2 years £'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 41.

28. Capital management

The Group's capital management objectives are:

— to ensure the Group's ability to continue as a going concern; and

— to provide long-term returns to shareholders.

The Group defines and monitors capital based on the carrying amount of equity plus its outstanding borrowings, less cash and cash equivalents as presented on the face of the statement of financial position and as follows:

	2024 £'000	2023 £'000
Equity	**181,224**	173,255
Borrowings	**202,589**	162,326
Cash and cash equivalents	**(49,160)**	(56,135)
	334,653	279,446

The Board of Directors monitors the level of capital as compared to the Group's commitments and adjusts the level of capital as is determined to be necessary by issuing new shares or adjusting the level of debt. The Group is not subject to any externally imposed capital requirements.

29. Leases

Lease liabilities minimum lease payments:

	2024 £'000	2023 £'000
Not later than one year	**7,936**	5,326
Later than one year and not later than five years	**19,795**	20,744
	27,731	26,070
Less: future finance charges	**(4,895)**	(2,460)
Present value of minimum lease payments	**22,836**	23,610

Lease liabilities are included in liabilities:

	2024 £'000	2023 £'000
Current	**6,152**	4,612
Non-current	**16,684**	18,998
	22,836	23,610

The Group classifies its right of use assets associated with lease liabilities consistently with its classification of property, plant, and equipment. The Group has leases in respect of land and buildings, plant and machinery, and rental assets. Leases in respect of land and buildings relate to sales offices and warehouses and leases in respect and plant and machinery relate to computer equipment, warehouse machinery and motor vehicles. Leases in respect of rental assets relate to products that are held for use by the Group to generate rental income under operating leases.

30. Guarantees and other financial commitments

The Group has provided a cross guarantee to HSBC Bank plc in respect of borrowings due by companies within the Group headed by Midwich Group plc. The liabilities covered by these guarantees at the year end were £175,665k (2023: £133,660k). The following companies are guarantors to the facility and jointly and severally liable for the borrowings:

Midwich Group plc	Midwich Limited
Sound Technology Limited	Midwich International Limited
Nimans Limited	Yealink (UK) Limited
Interquartz (U K) Limited	Square One Distribution Limited
Sidev SAS	Midwich Australia Pty Limited
Kern Und Stelly Medientechnik GmbH	Bauer Und Trummer GmbH
New Tension Inc	Starin Marketing Inc
Prase Engineering SpA	SF Marketing Inc
HHB Communications Holdings Limited	HHB Communications Limited
H H B Limited	Source Distribution Limited
UK Fire & Safety Limited	Direct Cable Systems Limited

31. Retirement benefit plans

The Group contributes to several retirement benefit pension schemes according to service contracts of employees working in the various countries in which the Group operates. The retirement benefit pension schemes include both defined contribution and defined benefit pension schemes.

Defined contribution retirement benefit pension schemes

Most of the Group's retirement benefits are provided in the form of defined contribution pension schemes. The Group contributions to these schemes are charged as an expense to the consolidated income statement as they fall due. The assets of these schemes are held separately from those of the Group in independently administered funds.

Expenses for retirement benefit pension schemes recognised as defined contribution schemes are as follows:

	2024 £'000	2023 £'000
Defined contribution pension schemes expense	**3,694**	2,552

31. Retirement benefit plans *continued*

Defined benefit retirement obligations

The Group participates in the "Pensioenfonds Vervoer", an industry-wide pension fund in the Netherlands, "Swiss Life", a defined benefit pension scheme in Switzerland, and has statutory obligations to pay employee severance in Italy, UAE and Qatar, which are recognised as defined benefit obligations.

Pensioenfonds Vervoer is a defined benefit pension scheme offering beneficiaries an average wage retirement benefit plan. The investment risk is shared collectively among the members of the scheme and the employers. The employer is only required to make a fixed contribution for current employees. Fixed contributions could be increased or decreased in future but it is legally prohibited for the pension fund to require any additional contribution in excess of the fixed contributions.

Equally the Group has no claim to any excess pension scheme assets. The Group has accounted for the pension scheme as a defined contribution pension scheme because the records of the industry-wide pension fund are not able to provide the sufficient satisfactory information to enable reporting a defined benefit pension scheme.

Swiss Life is a defined benefit pension scheme offering beneficiaries an average wage retirement benefit plan. The scheme is funded by payments to an independently managed fund. Contributions are calculated by qualified actuaries using projected unit credit method valuations and are charged to the income statement. The liabilities of the scheme are measured by discounting the future cash flows to participants estimated by actuaries using the projected unit credit method. Changes in the value of assets and liabilities in the scheme excluding contributions charged to the income statement are recognised in other comprehensive income.

Employee severance is payable to employees in Italy under a scheme called TFR. In addition to TFR there are also amounts payable to directors under a scheme called TFM. In the UAE and Qatar gratuity benefits are provided to employees as an end of service benefit.

The obligations for TFR, TFM and gratuity benefits are recognised as defined benefit obligations in accordance with IAS 19.

	2024 £'000	2023 £'000
Present value of defined benefit pension obligations	**(3,972)**	(3,459)
Fair value of plan assets	**1,967**	1,897
Net defined benefit pension liability	**(2,005)**	(1,562)

	Defined benefit obligation £'000	Fair value of plan assets £'000	Net defined benefit liability £'000
At 1 January 2024	(3,459)	1,897	(1,562)
Service cost			
Current service cost	(340)	—	(340)
Past service cost	—	—	—
	(340)	—	(340)
Net interest			
Interest income on plan assets	—	28	28
Interest cost on defined benefit obligation	(78)	—	(78)
	(78)	28	(50)
Total defined benefit cost recognised in income statement	(418)	28	(390)
Cash flows			
Plan participants' contributions	(114)	114	—
Employer contributions	—	102	102
Benefits paid	51	(51)	—
Unfunded benefits paid	82	—	82
Expected closing position	(3,858)	2,090	(1,768)
Remeasurements			
Changes in demographic assumptions	(5)	—	(5)
Changes in financial assumptions	(71)	—	(71)
Other experience	(193)	—	(193)
Return on assets excluding amounts included in net interest	—	(17)	(17)
Foreign exchange gain/(loss) recognised in translation reserve	155	(106)	49
Total remeasurements recognised in other comprehensive income	(114)	(123)	(237)
At 31 December 2024	**(3,972)**	**1,967**	**(2,005)**

31. Retirement benefit plans *continued*

Defined benefit retirement obligations *continued*

	Defined benefit obligation £'000	Fair value of plan assets £'000	Net defined benefit liability £'000
At 1 January 2023	(3,003)	1,778	(1,225)
Service cost			
Current service cost	(312)	–	(312)
Past service cost	43	–	43
	(269)	–	(269)
Net interest			
Interest income on plan assets	–	41	41
Interest cost on defined benefit obligation	(84)	–	(84)
	(84)	41	(43)
Total defined benefit cost recognised in income statement	(353)	41	(312)
Cash flows			
Plan participants' contributions	(119)	119	–
Employer contributions	–	107	107
Benefits paid	162	(162)	–
Unfunded benefits paid	19	–	19
Expected closing position	(3,294)	1,883	(1,411)
Remeasurements			
Changes in demographic assumptions	9	–	9
Changes in financial assumptions	(162)	–	(162)
Other experience	32	–	32
Return on assets excluding amounts included in net interest	–	(51)	(51)
Foreign exchange gain/(loss) recognised in translation reserve	(44)	65	21
Total remeasurements recognised in other comprehensive income	(165)	14	(151)
At 31 December 2023	(3,459)	1,897	(1,562)

Plan assets

	2024 £'000	2023 £'000
Insurance contracts with a quoted market price	**1,967**	1,897

Actuarial assumptions

	2024 £'000	2023 £'000
Salary increase rate	**0.5-3.5%**	0.5-3.0%
Discount rate	**1.5-5.5%**	1.5-5.0%
Inflation rate	**1.5-3.0%**	1.5-3.0%
Life expectancy	**BVG 2020**	BVG 2020

Sensitivity analysis

The defined benefit obligation would increase/(decrease) by the following amounts due to the respective changes in the following actuarial assumptions:

	2024 £'000	2023 £'000
0.5% increase in discount rate	**(226)**	(181)
0.5% decrease in discount rate	**254**	208
0.5% increase in salary increase rate	**81**	50
0.5% decrease in salary increase rate	**(80)**	(47)

Funding

The expected service cost of defined benefit retirement obligations for the financial year ending 31 December 2025 is £350k and contributions expected to be paid is £104k.

32. Share capital

The total allotted share capital of the Company is:

Allotted, issued and fully paid

	2024		2023	
	Number	£'000	Number	£'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.

32. Share capital *continued*

Employee benefit trust

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

	2024		2023	
	Number	**£'000**	Number	£'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.

33. 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 subsidiary (note 35)	—	—	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 35)	—	—	(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)

34. 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.

34. Share based payments *continued*

Long Term Incentive Plan: *continued*

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.

35. 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.

36. 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

1 See note 11 for details of companies acquired during the current and prior year.

Fair value of considerations 2024	The Farm £'000	Dry Hire Lighting £'000	UK Fire £'000	DCS £'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 £'000	Dry Hire Lighting £'000	UK Fire £'000	DCS £'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

36. Business combinations *continued*

Subsidiaries acquired *continued*

Fair value of acquisitions 2024	The Farm £'000	Dry Hire Lighting £'000	UK Fire £'000	DCS £'000
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 £'000	Dry Hire Lighting £'000	UK Fire £'000	DCS £'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 £'000	Dry Hire Lighting £'000	UK Fire £'000	DCS £'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 £'000	Dry Hire Lighting £'000	UK Fire £'000	DCS £'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 £'000	HHB £'000	prodyTel £'000	Others £'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.

36. Business combinations *continued*

Fair value of acquisitions 2023

	SF Marketing £'000	HHB £'000	prodyTel £'000	Others £'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.

37. Related party transactions

Transactions and outstanding balances between the Group companies have been eliminated on consolidation. For transactions between the Company and subsidiaries see note 10 of the separate company financial statements.

37. Related party transactions *continued*

Key management personnel are identified as the executive and non-executive directors and other members of the senior management team, and their remuneration is disclosed as follows:

	2024 £'000	2023 £'000
Remuneration of key management		
Remuneration and other short term benefits cost	**1,592**	2,127
Share Based Payment cost	**(212)**	956
Employer taxes	**180**	397
Company pension contributions to defined contributions scheme	**24**	20
	1,584	3,500

The definition of key management personnel includes the board of directors and executive leadership team. Share options for 399,828 (2023: 311,111) shares were awarded to members of the senior management team. Share options for 279,908 shares were exercised by key management personnel during the year (2023: 322,693). During the prior year no share options were exercised by key management personnel.

There were no related party borrowing or share transactions during the current or prior year.

38. 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.

39. 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.

40. 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)

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

40. Alternative performance measures

	2024 £'000	2023 £'000
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

	2024 £'000	2023 £'000
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

41. 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.

41. Restatements to prior year results *continued*

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

42. Ultimate controlling party

As at 31 December 2024 and 31 December 2023, Midwich Group plc had no ultimate controlling party.

Company statement of financial position

For the year ended 31 December 2024

	Notes	2024 £'000	2023 (Restated)[1] £'000
Assets			
Non-current assets			
Investments	3	**47,361**	47,936
Receivables	4	**95,256**	100,807
Deferred tax	5	**159**	648
		142,776	149,391
Current assets			
Receivables	6	**62**	60
		62	60
Current liabilities			
Payables	7	**(68)**	(1,027)
Net current liabilities		**(6)**	(967)
Total assets less current liabilities		**142,770**	148,424
Non-current liabilities	7	**(85)**	(355)
Net assets		**142,685**	148,069
Share capital	8	**1,042**	1,033
Share premium		**116,959**	116,959
Share based payment reserve		**6,464**	12,415
Investment in own shares		**(616)**	(616)
Retained earnings		**18,636**	18,078
Capital redemption reserve		**50**	50
Other reserve		**150**	150
Shareholders' funds		**142,685**	148,069

1 Comparative information has been restated as detailed in note 11.

The Company has not presented a separate income statement as permitted by Section 408 of the Companies Act 2006. The profit for the year of the Company amounted to £12,759k (2023: £26,129k).

The financial statements are also comprised of the notes on pages 140 to 142. 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

Company statement of changes in equity
For the year ended 31 December 2024

	Share capital £'000	Share premium £'000	Share based payment reserve £'000	Investment in own shares £'000	Retained earnings £'000	Capital redemption reserve £'000	Other reserve £'000	Total £'000
Balance at 1 January 2024	**1,033**	**116,959**	**12,415**	**(616)**	**18,078**	**50**	**150**	**148,069**
Profit for the year	—	—	—	—	12,759	—	—	12,759
Total comprehensive income for the year	—	—	—	—	12,759	—	—	12,759
Shares issued	9	—	—	(9)	—	—	—	—
Share based payments	—	—	(957)	—	—	—	—	(957)
Deferred tax on share based payments	—	—	(75)	—	—	—	—	(75)
Share options exercised	—	—	(4,919)	9	4,917	—	—	7
Dividends paid (note 9)	—	—	—	—	(17,118)	—	—	(17,118)
Transactions with owners	9	—	(5,951)	—	(12,201)	—	—	(18,143)
Balance at 31 December 2024	**1,042**	**116,959**	**6,464**	**(616)**	**18,636**	**50**	**150**	**142,685**

Company statement of changes in equity
for the year ended 31 December 2023

	Share capital £'000	Share premium £'000	Share based payment reserve £'000	Investment in own shares £'000	Retained earnings £'000	Capital redemption reserve £'000	Other reserve £'000	Total £'000
Balance at 1 January 2023	889	67,047	13,412	(5)	1,251	50	150	82,794
Profit for the year	—	—	—	—	26,129	—	—	26,129
Total comprehensive income for the year	—	—	—	—	26,129	—	—	26,129
Shares issued	144	49,912	—	(23)	—	—	—	50,033
Shares purchased	—	—	—	(600)				(600)
Share based payments	—	—	4,661	—	—	—	—	4,661
Deferred tax on share based payments	—	—	24	—	—	—	—	24
Share options exercised	—	—	(5,682)	12	5,680	—	—	10
Dividends paid (note 9)	—	—	—	—	(14,982)	—	—	(14,982)
Transactions with owners	144	49,912	(997)	(611)	(9,302)	—	—	39,146
Balance at 31 December 2023	1,033	116,959	12,415	(616)	18,078	50	150	148,069

The financial statements are also comprised of the notes on pages 140 to 142.

1. Accounting policies

Basis of preparation

The annual financial statements of Midwich Group plc (the parent company financial statements) have been prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101").

Disclosure exemptions adopted

In preparing these financial statements the Company has taken advantage of all disclosure exemptions conferred by FRS 101. Therefore, these financial statements do not include:

- certain comparative information as otherwise required by IAS;
- certain disclosures regarding the Company's capital;
- a statement of cash flows;
- the effect of future accounting standards not yet adopted;
- the disclosure of the remuneration of key management personnel; and
- disclosure of related party transactions with the Company's wholly owned subsidiaries.

In addition, and in accordance with FRS 101 further disclosure exemptions have been adopted because equivalent disclosures are included in the Company's Consolidated Financial Statements. These financial statements do not include certain disclosures in respect of:

- financial instruments (other than certain disclosures required as a result of recording financial instruments at fair value); and
- fair value measurement (other than certain disclosures required as a result of recording financial instruments at fair value).

As permitted by Section 408 of the Companies Act 2006, a separate income statement for the Company has not been included in these financial statements.

The principal accounting policies adopted in the preparation of the financial statements as set out below have been consistently applied to all periods presented.

Investments

Investments are valued at cost less provision for any permanent impairment.

Employee benefit trust

The assets and liabilities of the employee benefit trusts (EBT) have been included in the Company financial statements. Any assets held by the EBT cease to be recognised when the assets vest unconditionally in identified beneficiaries. The costs of purchasing own shares held by the EBT are shown as a deduction within shareholders' equity. The proceeds from the sale of own shares are recognised in shareholders' equity. Neither the purchase nor sale of own shares leads to a gain or loss being recognised in the income statement.

Share based payments

Where the Company grants options over its shares to employees of subsidiaries it recognises an investment in the subsidiary equivalent to the share based payment charge recognised in the income statement of the subsidiaries. The Company recognises the corresponding credit to the investment directly in equity. Please refer to the Group's accounting policy for share based payments in note 1 of the Group's financial statements for further details of the Company's accounting policy for Share Based Payments.

Other accounting policies

The Company's other accounting policies are included in note 1 of the Group's financial statements to which these financial statements are appended.

2. Directors and employees

The aggregate payroll costs of the employees were as follows:

	2024 £'000	2023 £'000
Staff costs		
Wages and salaries	**3,415**	3,053
Social security costs	**285**	379
Pension costs	**83**	75
	3,783	3,507

The directors' remuneration is as stated in the directors' remuneration disclosure in the Directors' Report and in note 7 to the consolidated financial statements.

Average monthly number of persons, including directors, employed by the Company during the year was as follows:

	2024 Number	2023 Number
By activity:		
Administration	**45**	43

3. Investments

	2024 £'000	2023 £'000
At 1 January	**47,936**	44,343
Additions	**—**	3,593
Disposals	**(575)**	—
At 31 December	**47,361**	47,936

The Company holds 100% of the share capital of Midwich Limited, a company incorporated in England and Wales. Indirect share interests in the Midwich Group of companies are disclosed in note 12 of the consolidated financial statements. Additions and disposals in the current and prior year represent investments in subsidiaries in respect of equity settled share option schemes. See note 33 of the consolidated financial statements for details of equity settled share options.

4. Non current receivables

	2024 £'000	2023 £'000 (Restated)[1]
Amounts due from Group undertakings (note 10)	**95,256**	100,807

1 Comparative information has been restated as detailed in note 11.

5. Deferred tax

	2024 £'000	2023 £'000
Deferred tax asset on temporary differences	**159**	648

6. Receivables

	2024 £'000	2023 £'000 (Restated)[1]
Prepayments	**62**	60

7. Payables

Amounts falling due within one year:

	2024 £'000	2023 £'000
Accruals	**68**	1,027

Amounts falling due after one year:

	2024 £'000	2023 £'000
Accruals	**85**	355

8. Share capital

Please see note 32 of the Group's financial statements to which these financial statements are appended for details of the Company's share capital.

9. Dividends

Please see note 38 of the Group's financial statements to which these financial statements are appended for details of the Company's dividends.

10. Related parties and transactions with directors

There were no related party transactions or transactions with the directors during the current or prior year. The directors are remunerated by subsidiary entities and recharged to the Company.

Other related party transactions

Included within other debtors are the following transactions and outstanding amounts with Midwich Limited, a wholly owned subsidiary:

	2024 £'000	2023 £'000
Outstanding at 1 January	**100,807**	38,648
Amounts advanced	**17,118**	68,033
Management charges	**204**	1,036
Amounts repaid	**(22,873)**	(6,910)
Outstanding at 31 December	**95,256**	100,807

Audit fees for the entity are borne by subsidiary entities and recharged to the Company. Outstanding amounts due to or from group undertakings are unsecured, interest free and repayable on demand. No provision for impairment has been recognised as it is considered immaterial.

11. Restatements to the prior year

The Company 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. 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 Company made presentational changes to the financial statements.

Comparatives have been restated as if changes had always been adopted. The changes are reclassifications that do not alter the net financial performance or position previously reported. The change relates to the reclassification of the Company's intercompany debtor from a current asset to a non-current asset.

The impact of adopting this change on the financial position of the Company for the comparative period is as follows:

	2023		
	Previously presented £'000	Impact of changes £'000	Restated £'000
Assets			
Non-current assets			
Investments	47,936	—	47,936
Receivables	—	100,807	100,807
Deferred tax	648	—	648
	48,584	100,807	149,391
Current assets			
Receivables	100,867	(100,807)	60
	100,867	(100,807)	60
Current liabilities			
Payables	(1,027)	—	(1,027)
Net current assets/(liabilities)	99,840	(100,807)	(100,807)
Total assets less current liabilities	148,424	—	148,424
Non-current liabilities	(355)	—	(355)
Net assets	148,069	—	148,069

12. Ultimate controlling party

Please see note 42 of the Group's financial statements to which these financial statements are appended for details of the Company's ultimate controlling party.

Annual General Meeting

The notice convening the Annual General Meeting ("**AGM**") is set out on pages 145 to 148. Resolutions 1 to 10 set out in the notice of the AGM deal with the ordinary business to be transacted at the AGM. The special business to be transacted at the meeting is set out in Resolutions 11 to 14.

Resolutions 1 to 11 are being proposed as ordinary resolutions (and therefore need the approval of a simple majority of those shareholders who are present and voting in person or by proxy at the AGM) and Resolutions 12, 13 and 14 are being proposed as special resolutions (and therefore need the approval of at least 75% of those shareholders who are present and voting in person or by proxy at the AGM).

Presentation of the Company's annual accounts (Resolution 1)

Resolution 1 deals with the adoption of the Company's annual accounts for the financial year ended 31 December 2024.

Re-election of Directors (Resolutions 2 to 7)

The Company's Articles of Association require the number nearest to one-third of the Board to retire by rotation at each Annual General Meeting. The UK Corporate Governance Code provides that all Directors should be subject to re-election by their shareholders every year. In accordance with this provision of the UK Corporate Governance Code and in keeping with the Board's aim of following best corporate governance practice, the Board has decided that, as at recent Annual General Meetings of the Company, all Directors should retire at each Annual General Meeting and offer themselves for re-election.

Information about the Directors is set out on pages 66 to 67.

Reappointment and remuneration of auditors (Resolution 8)

Resolution 8 proposes the reappointment of RSM UK Audit LLP as auditors of the Company and authorises the Directors to set the auditors' remuneration.

Declaration of dividend (Resolution 9)

The Directors are recommending a final dividend for the financial year ended 31 December 2024 of 7.5p per Ordinary Share, which requires the approval of the shareholders.

Directors' Remuneration Report (Resolution 10)

This Resolution seeks shareholder approval for the Directors' Remuneration Report (excluding the remuneration policy). The Directors' Remuneration Report can be found on pages 80 to 85 (inclusive) of the Annual Report and Financial Statements.

As in previous years, Resolution 10 offers shareholders an advisory vote on the Directors' Remuneration Report (which reflects the implementation of the Company's existing remuneration policy). Although the requirement to put this report to a shareholder vote does not currently apply to the Company directly, the Directors believe that they should give the shareholders an advisory vote on this matter in the interests of good corporate governance. Looking ahead, in line with recent developments introduced by the 2023 QCA Code (which the Company applies), which apply to financial years beginning on or after 1 April 2024, it is likely that both the Directors' Remuneration Report and Remuneration Policy will be put to advisory votes at the next AGM in 2026.

Authority to allot shares (Resolution 11)

Under Section 551 of the Companies Act 2006 ("**CA 2006**"), the Directors may only allot shares or grant rights to subscribe for or convert any securities into shares if authorised by the shareholders to do so.

Resolution 11, which complies with the latest guidance issued by the Investment Association in 2023, will, if passed, authorise the Directors to allot Ordinary Shares or grant rights to subscribe for or convert any securities into Ordinary Shares, up to an aggregate nominal value of £348,483 (corresponding to approximately one-third of the issued share capital at 4 April 2025) and up to an aggregate nominal value of £696,967 (corresponding to approximately two-thirds of the issued share capital at 4 April 2025) in the case of allotments only in connection with a fully pre-emptive offer. Previously, the Investment Association's guidelines recommended that the second one-third of the issued share capital authorised by shareholder resolution be used only in connection with a fully pre-emptive rights issue. The Directors have no present intention to exercise the authority sought under this Resolution. However, the Directors may consider doing so if they believe it would be appropriate in respect of business opportunities that may arise consistent with the Company's strategic objectives.

This authority will expire at the conclusion of the next Annual General Meeting of the Company, or, if earlier, the date which is 15 months after the date of passing of the Resolution. It is the Board's current intention to seek renewal of such authority at each future Annual General Meeting of the Company.

As at 4 April 2025, the Company does not hold any shares in the Company in treasury.

Disapplication of pre-emption rights (Resolutions 12 and 13)

Under Section 561(1) CA 2006, if the Directors wish to allot equity securities (as defined in Section 560 CA 2006) for cash they must in the first instance offer them to existing shareholders in proportion to their holdings. There may be occasions, when the Directors will need the flexibility to finance business opportunities by the issue of shares for cash without a pre-emptive offer to existing shareholders. This cannot be done under CA 2006 unless the shareholders have first waived their pre-emption rights.

Resolutions 12 and 13 are special resolutions to renew the Directors' authority to allot shares for cash without first offering them to existing shareholders on a pro-rata basis. Although there is currently no intention to make use of this authority, the Directors consider that it is in the interests of the Company, in certain circumstances, for the Directors to have limited flexibility so as to be able to allot shares without having first to offer them to existing shareholders. These resolutions are consistent with the Pre-Emption Group's 2022 Statement of Principles for the disapplication of pre-emption rights (the "**2022 Statement of Principles**"), which increased the thresholds in relation to the disapplication of pre-emption rights. In accordance with institutional guidelines, under Resolution 12, to be proposed as a special resolution, authority is sought to allot shares for cash:

i. in relation to a pre-emptive rights issue, open offer or other pre-emptive issue only, up to an aggregate nominal amount of £696,967 (being the nominal value of approximately two-thirds of the issued share capital of the Company); and

ii. in any other case, up to an aggregate nominal amount of £104,545 (representing 10% of the issued share capital of the Company on 4 April 2025).

Disapplication of pre-emption rights (Resolutions 12 and 13) *continued*

In addition, Resolution 13, again in accordance with the 2022 Statement of Principles and which is also to be proposed as a special resolution, asks the shareholders to waive their pre-emption rights in relation to the allotment of equity securities or sale of treasury shares up to a further aggregate nominal amount of £104,545 (representing 10% of the issued share capital of the Company at 4 April 2025), but where such authority may only be used in connection with an acquisition or specified capital investment of a kind contemplated by the 2022 Statement of Principles.

The Directors confirm that the additional 10% authority will only be used in connection with an acquisition or specified capital investment which is announced contemporaneously with the issue, or which has taken place in the preceding 12-month period and is disclosed in the announcement of the issue.

If Resolutions 12 and 13 are passed, the authorities will expire at the conclusion of the next Annual General Meeting of the Company, or, if earlier, the date which is 15 months after the date of passing of the resolutions. It is the Board's current intention to seek renewal of such authorities at each future Annual General Meeting of the Company.

Purchase of own shares (Resolution 14)

The Directors are seeking to obtain authority for the Company to make on-market purchases of Ordinary Shares (for subsequent cancellation) of up to 10% of the existing issued share capital of the Company (excluding treasury shares). The Directors seek the authority of the shareholders to allow the Company to do so; such authority to expire at the conclusion of the next Annual General Meeting of the Company or, if earlier, the date which is 15 months after the date of passing of the resolution.

The Directors believe that it is in the best interests of all shareholders that the Company has the flexibility to undertake market purchases of its own shares.

The maximum price (exclusive of expenses) that may be paid for any on-market purchase by the Company of Ordinary Shares (derived from the AIM Appendix of the London Stock Exchange Daily Official List) will not exceed 105% of the average of the middle market quotations for those Ordinary Shares for the five business days immediately preceding the date on which such purchase is made. The minimum price (exclusive of expenses) which may be paid is £0.01 per Ordinary Share. Ordinary Shares which are purchased by the Company will be cancelled.

Notice of Annual General Meeting

Notice is hereby given that the Annual General Meeting ("**Meeting**") of Midwich Group plc (the "**Company**") will be held at the offices of the Company at Vinces Road, Diss, Norfolk, IP22 4YT on Tuesday 13 May 2025 at 10.00am. Noting the location of the Meeting, for those shareholders unable to attend, but who would like to follow its progress and potentially ask questions, the Company intends to take advantage of the flexibility that has become standard practice in recent years and will provide a conference call link to enable such shareholders to follow the Meeting remotely. Any shareholders who wish to listen to the meeting by such means should contact the Company Secretary prior to the day of the Meeting at Andrew.Garnham@midwich.com in order to request conference dial-in details. **However, please note that shareholders joining the conference call will not be able to vote on the day or form part of the quorum for the Meeting and must appoint a proxy in advance in order to ensure their vote is counted.**

At the Meeting you will be asked to consider and vote on the resolutions below. Resolutions 1 to 11 will be proposed as ordinary resolutions and Resolutions 12, 13 and 14 will be proposed as special resolutions.

Ordinary business

Report and accounts

1. THAT the Company's annual accounts for the financial year ended 31 December 2024, together with the Directors' Report and Auditor's Report on those accounts, be received and adopted.

Re-election of Directors

2. THAT Stephen Fenby be re-elected as a Director of the Company.
3. THAT Andrew Herbert be re-elected as a Director of the Company.
4. THAT Mike Ashley be re-elected as a Director of the Company.
5. THAT Stephen Lamb be re-elected as a Director of the Company.
6. THAT Hilary Wright be re-elected as a Director of the Company.
7. THAT Alison Seekings be re-elected as a Director of the Company.

Reappointment and remuneration of auditors

8. THAT RSM UK Audit LLP be reappointed as the Company's auditors to hold office from the conclusion of this Meeting until the conclusion of the next meeting at which accounts are laid before the Company and that the Directors be authorised to agree the remuneration of the auditors.

Dividend

9. THAT a final dividend recommended by the directors of the Company for the financial year ended 31 December 2024 of 7.5p per Ordinary Share of £0.01 each in the capital of the Company ("**Ordinary Share**") be declared.

Directors' Remuneration Report

10. THAT the Directors' Remuneration Report which is set out on pages 80 to 85 of the Company's annual report and accounts for the financial year ended 31 December 2024 (excluding the Directors' remuneration policy which is set out on pages 80 to 83 of the Directors' Remuneration Report) be approved.

Special business

Issue of Ordinary Shares

11. THAT the directors of the Company be hereby generally and unconditionally authorised and empowered pursuant to and in accordance with Section 551 of the Companies Act 2006 ("**CA 2006**"), to exercise all the powers of the Company to allot shares and or grant rights to subscribe for or to convert any security into shares ("**Rights**"):

    i. up to an aggregate nominal value of £348,483 (being the nominal value of approximately one-third of the issued share capital of the Company); and

    ii. up to an aggregate nominal value of £696,967 (being the nominal value of approximately two-thirds of the issued share capital of the Company) (such amount to be reduced by the nominal amount of any shares allotted or Rights granted under paragraph (i)) in connection with an offer by way of a rights issue or other pre-emptive offer to:

        a. the holders of Ordinary Shares in proportion (as nearly as may be practicable) to the respective numbers of Ordinary Shares held by them; and

        b. holders of other equity securities, as required by the rights of those securities or, subject to such rights, as the Directors otherwise consider necessary,

    and so that, in each case, the Directors of the Company may impose any limits or restrictions or exclusions or other arrangements that they consider necessary or appropriate to deal with treasury shares, fractional entitlements, record dates, legal, regulatory or practical problems in, or under the laws of, any territory or the requirements of any regulatory body or stock exchange or any other matter, such authorities to expire on the earlier of the next Annual General Meeting of the Company held after the date on which this resolution becomes unconditional and the date 15 months after the passing of this resolution, save that the Company may at any time before such expiry make any offer(s) or enter into any agreement(s) which would or might require shares to be allotted or Rights to be granted after such expiry and the Directors may allot shares or grant Rights in pursuance of any such offer(s) or agreement(s) as if the authority conferred hereby had not expired. This resolution revokes and replaces all unexercised authorities previously granted to the Directors to allot shares or grant Rights but without prejudice to any allotment of shares or grant of Rights already made, offered or agreed to be made pursuant to such authorities.

Special business *continued*

Issue of Ordinary Shares *continued*

12. THAT, subject to the passing of Resolution 11, the Directors of the Company be authorised in accordance with Section 570 CA 2006 to allot equity securities (as defined in Section 560 CA 2006) for cash under the authority conferred by that resolution and/or to sell Ordinary Shares held by the Company as treasury shares as if Section 561 CA 2006 did not apply to any such allotment or sale, provided that such authority shall be limited to:

    i. the allotment of equity securities in connection with an offer of equity securities by way of a rights issue or other pre-emptive offer to:

        a. the holders of Ordinary Shares in proportion (as nearly as may be practicable) to the respective numbers of Ordinary Shares held by them; and

        b. holders of other equity securities, as required by the rights of those securities or, subject to such rights, as the Directors otherwise consider necessary, but subject to such limits or restrictions or exclusions or other arrangements, which the Directors of the Company may consider necessary or appropriate to deal with treasury shares, fractional entitlements, record dates, legal, regulatory or practical problems in, or under the laws of, any territory or the requirements of any regulatory body or stock exchange or any other matter; and

    ii. the allotment of equity securities or sale of treasury shares (otherwise than pursuant to paragraph (i) of this resolution) to any person up to an aggregate nominal amount of £104,545 (being the nominal value of approximately 10% of the issued share capital of the Company), such authorities granted by this resolution to expire at the conclusion of the Company's next Annual General Meeting after the passing of this resolution or, if earlier, at the close of business on the date 15 months after the passing of this resolution, save that the Company may, before such expiry, make offers or agreements that would or might require equity securities to be allotted (or treasury shares to be sold) after the authority expires and the Directors of the Company may allot equity securities (or sell treasury shares) in pursuance of any such offer or agreement as if the authority had not expired.

13. THAT, subject to the passing of Resolution 11, the Directors of the Company be authorised in accordance with Section 570 CA 2006, in addition to any authority granted under Resolution 12, to allot equity securities (as defined in Section 560 CA 2006) for cash under the authority conferred by Resolution 11 and/or to sell Ordinary Shares held by the Company as treasury shares as if Section 561 CA 2006 did not apply to any such allotment or sale, provided that such authority shall be:

    i. limited to the allotment of equity securities or sale of treasury shares up to an aggregate nominal amount of £104,545; and

    ii. used only for the purpose of financing (or refinancing, if the authority is to be used within twelve months after the original transaction) a transaction which the Directors of the Company determine to be an acquisition or other capital investment of a kind contemplated by the Statement of Principles on Disapplying Pre-Emption Rights most recently published by the Pre-Emption Group prior to the date of this notice,

    such authority granted by this resolution to expire at the conclusion of the Company's next Annual General Meeting after this resolution is passed or, if earlier, at the close of business on the date 15 months after the passing of this resolution, save that the Company may, before such expiry, make offers or agreements that would or might require equity securities to be allotted (or treasury shares to be sold) after the authority expires and the Directors of the Company may allot equity securities (or sell treasury shares) in pursuance of any such offer or agreement as if the authority had not expired.

14. THAT the Company be generally and unconditionally authorised for the purposes of Section 701 of the CA 2006 to make market purchases (within the meaning of Section 693(4) of the CA 2006) of any of its Ordinary Shares on such terms and in such manner as the Directors may from time to time determine, provided that:

    i. the maximum number of Ordinary Shares which may be purchased is 10,454,512 representing approximately 10% of the issued Ordinary Share capital of the Company (excluding treasury shares);

    ii. the minimum price (exclusive of expenses, if any) that may be paid for an Ordinary Share is £0.01 being the nominal price of an Ordinary Share;

    iii. the maximum price (exclusive of expenses, if any) that may be paid for an Ordinary Share is an amount equal to 105% of the average of the middle market quotation of an Ordinary Share as derived from the AIM Appendix to the Daily Official List of London Stock Exchange plc for the five business days immediately preceding the day on which such share is contracted to be purchased;

    iv. unless previously renewed, revoked or varied, this authority shall expire at the conclusion of the next Annual General Meeting of the Company held after the date on which this resolution is passed or, if earlier, the date 15 months after the passing of this resolution; and

    v. the Company may, before this authority expires, make a contract to purchase Ordinary Shares that would or might be executed wholly or partly after the expiry of this authority, and may make purchases of Ordinary Shares pursuant to it as if this authority had not expired, and so that any and all previous authorities of the Directors pursuant to Section 701 CA 2006 be revoked.

Dated 4 April 2025

By order of the Board

Andrew Garnham
Company Secretary
Registered Office
Vinces Road
Diss
Norfolk
IP22 4YT

Notes:

Entitlement to attend and vote

1. Pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, the Company specifies that only those members registered on the Company's register of members:
   - at the time which is 48 hours prior to the Meeting; or
   - if this Meeting is adjourned, at the time which is 48 hours prior to the adjourned meeting,

   shall be entitled to attend and vote at the Meeting.

Appointment of proxies

2. If you are a member of the Company at the time set out in note 1 above, you are entitled to appoint a proxy to exercise all or any of your rights to attend, speak and vote at the Meeting. You can only appoint a proxy using the procedures set out in these notes.
3. If you are not a member of the Company but you have been nominated by a member of the Company to enjoy information rights, you do not have a right to appoint any proxies under the procedures set out in this "Appointment of proxies" section.
4. A proxy does not need to be a member of the Company but must attend the Meeting to represent you. Details of how to appoint the Chair of the Meeting or another person as your proxy using the proxy form are set out in the notes to the proxy form (if applicable). If you wish your proxy to speak on your behalf at the Meeting you will need to appoint your own choice of proxy (not the Chair) and give your instructions directly to them.
5. You may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares. You may not appoint more than one proxy to exercise rights attached to any one share. To appoint more than one proxy, you may photocopy the proxy form (if applicable). Please indicate the proxy holder's name and the number of shares in relation to which they are authorised to act as your proxy (which, in aggregate, should not exceed the number of shares held by you). Please also indicate if the proxy instruction is one of multiple instructions being given. All forms must be signed and should be returned together in the same envelope. Failure to specify the number of shares to which each proxy appointment relates or specifying more shares than the number of shares held by you at the time set out in note 1 above will result in the proxy appointments being invalid.
6. A vote withheld is not a vote in law, which means that the vote will not be counted in the calculation of votes for or against the resolution. If no voting indication is given, your proxy will vote or abstain from voting at their discretion. Your proxy will vote (or abstain from voting) as they think fit in relation to any other matter which is put before the Meeting.

Appointment of proxies via the web

7. You will not receive a hard copy proxy form for the Meeting in the post. Instead, you will be able to vote electronically using the link www.signalshares.com. You will need to log into your Signal Shares account, or register if you have not previously done so. To register you will need your Investor Code. This is detailed on your share certificate or available from our Registrars, MUFG Corporate Markets. If you need help with voting online, please contact the portal team of our Registrars, MUFG Corporate Markets, via email at shareholderenquiries@cm.mpms.mufg.com or on 0371 664 0391. Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. Lines are open between 9.00am and 5:30pm, Monday to Friday excluding public holidays in England and Wales.

   Proxy votes must be received no later than 10.00am on 9 May 2025 (or, in the case of an adjournment of the Annual General Meeting, not later than 48 hours before the time fixed for the holding of the adjourned meeting).

   You may request a hard copy form of proxy directly from the Registrars, MUFG Corporate Markets, via email at shareholderenquiries@cm.mpms.mufg.com or on 0371 664 0391. Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. Lines are open between 9.00am and 5:30pm, Monday to Friday, excluding public holidays in England and Wales.

   CREST members should use the CREST electronic proxy appointment service and refer to note 9 below in relation to the submission of a proxy appointment via CREST.

Appointment of proxies via Proxymity

8. If you are an institutional investor, you may be able to appoint a proxy electronically via the Proxymity platform. For further information regarding Proxymity, please go to www.proxymity.io. Your proxy must be lodged 48 hours prior to the time appointed for the Meeting in order to be considered valid or, if the Meeting is adjourned, by the time which is 48 hours before the time of the adjourned meeting. Before you can appoint a proxy via this process, you will need to have agreed to Proxymity's associated terms and conditions. It is important that you read these carefully as you will be bound by them and they will govern the electronic appointment of your proxy. An electronic proxy appointment via the Proxymity platform may be revoked completely by sending an authenticated message via the platform instructing the removal of your proxy vote.

Appointment of proxies through CREST

9. CREST members who wish to appoint a proxy or proxies by utilising the CREST electronic proxy appointment service may do so for the Meeting and any adjournment(s) of it by using the procedures described in the CREST Manual. CREST Personal Members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.

   In order for a proxy appointment made by means of CREST to be valid, the appropriate CREST message (a "CREST Proxy Instruction") must be properly authenticated in accordance with Euroclear UK & International ("EUI") specifications and must contain the information required for such instructions, as described in the CREST Manual. The message, regardless of whether it constitutes the appointment of a proxy or an amendment to the instruction given to a previously appointed proxy, must, in order to be valid, be transmitted so as to be received by the Company's agent (ID: RA10) by not later than 48 hours prior to the time appointed for the Meeting or adjourned meeting. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which the Company's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time, any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.

Notes: *continued*

Appointment of proxies through CREST *continued*

CREST members, and, where applicable, their CREST sponsors or voting service providers, should note that EUI does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider(s), to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service providers, are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.

Appointment of proxy by joint members

10. In the case of joint holders, where more than one of the joint holders purports to appoint a proxy, only the appointment submitted by the most senior holder will be accepted. Seniority is determined by the order in which the names of the joint holders appear in the Company's register of members in respect of the joint holding (the first named being the most senior).

Changing proxy instructions

11. To change your proxy instructions, simply submit a new proxy appointment using the methods set out above. Note that the cut-off time for receipt of proxy forms (see above) also applies in relation to amended instructions; any amended proxy form received after the relevant cut-off time will be disregarded.

If you submit more than one valid proxy appointment, the appointment received last before the latest time for the receipt of proxies will take precedence. If the Company is unable to determine which was last deposited or received, none of them shall be treated as valid.

Termination of proxy appointments

12. In order to revoke a proxy instruction, you will need to inform the Company by sending a signed hard copy notice clearly stating your intention to revoke your proxy appointment to the Company's registrars, MUFG Corporate Markets, PXS 1, Central Square, 29 Wellington Street, Leeds LS1 4DL. In the case of a member that is a company, the revocation notice must be executed under its common seal or signed on its behalf by an officer of the company or an attorney for the company. Any power of attorney or any other authority under which the revocation notice is signed (or a duly certified copy of such power or authority) must be included with the revocation notice.

The revocation notice must be received by the Company's registrars not less than 48 hours before the time for holding the Meeting or adjourned meeting.

If you attempt to revoke your proxy appointment but the revocation is received after the time specified then, subject to the paragraph directly below, your proxy appointment will remain valid.

Appointment of a proxy does not preclude you from attending the Meeting and voting in person. If you have appointed a proxy and attend the Meeting in person, your proxy appointment will automatically be terminated.

Corporate representatives

13. A corporation that is a member can appoint one or more corporate representatives who may exercise, on its behalf, all its powers as a member provided that no more than one corporate representative exercises powers over the same share.

Issued shares and total voting rights

14. As at 5.00pm. on 4 April 2025, the Company's issued share capital comprised 104,545,126 Ordinary Shares of £0.01 each. Each Ordinary Share carries the right to one vote at a general meeting of the Company and, therefore, the total number of voting rights in the Company as at 5.00pm on 4 April 2025 is 104,545,126.

Communication

15. Except as provided above, members who have general queries about the Meeting should use the following means of communication:

— calling the Company Secretary on +44 (0) 1379 774 661; or

— calling our shareholder helpline provided by the Company's registrars, MUFG Corporate Markets, on 0371 664 0391 (calls are charged at the standard geographic rate and will vary by provider) or +44 (0) 371 664 0300 from outside the UK (calls outside the United Kingdom will be charged at the applicable international rate). Lines are open Monday to Friday, 9.00am to 5.30pm excluding public holidays in England and Wales; or

— emailing the Company Secretary at Andrew.Garnham@midwich.com.

You may not use any electronic address provided either:

— in this Notice of Annual General Meeting; or

— any related documents (including the proxy form),

to communicate with the Company for any purposes other than those expressly stated.

Directors
Mr S B Fenby
Mr S Lamb
Mr M Ashley
Mr A C Herbert
Mrs H Wright
Mrs A Seekings

Independent auditor
RSM UK Audit LLP
1st Floor, Platinum Building
St John's Innovation Park
Cowley Road
Cambridge
CB4 0DS

Bankers
HSBC Bank plc
HSBC Bank plc
19 Midsummer Place
Milton Keynes
Buckinghamshire
MK9 3GB

Nominated advisers and brokers
Investec
30 Gresham Street
London
EC2V 7QP

Company registration number
08793266

Company Secretary
Mr A K Garnham

Registered office
Vince's Road
Diss
Norfolk
IP22 4YT

Solicitors
Mills and Reeve LLP
Botanic House
100 Hills Road
Cambridge
CB2 1PH

Berenberg
60 Threadneedle Street
London
EC2R 8HP

Produced by
designportfolio

Midwich Group Plc
Vinces Road
Diss
Norfolk
IP22 4YT

T: 01379 649200

midwichgroupplc.com