Midwich Group Plc

2023 Full Year Results

March 2024

Midwich Group Plc

Strategic and operational overview

Stephen Fenby, Group managing director

2023: Further delivery against our strategic objectives

- Midwich once again delivered **a record performance** with **our highest ever revenue and gross margins**.
- After two years of outstanding growth the **market backdrop was tougher in the year.**
- Third party data shows reduced demand for mainstream products in 2023 due to a mix of corporate uncertainty and education budget pressures.
- Our global reach, breadth of products and focus on Pro AV value-added distribution has supported **further market share gains**.
- We continued to **add leading brands to our portfolio** and invested in our team to better position ourselves for the future.
- **Seven acquisitions completed** (also a record) with integration progressing well.
- We appreciate our shareholders' support with the oversubscribed £50m **fundraise in June 2023.**
- We've also made good progress on **sustainability**, building on our community programmes, engaging with the wider AV industry on climate matters and reporting our global emissions.

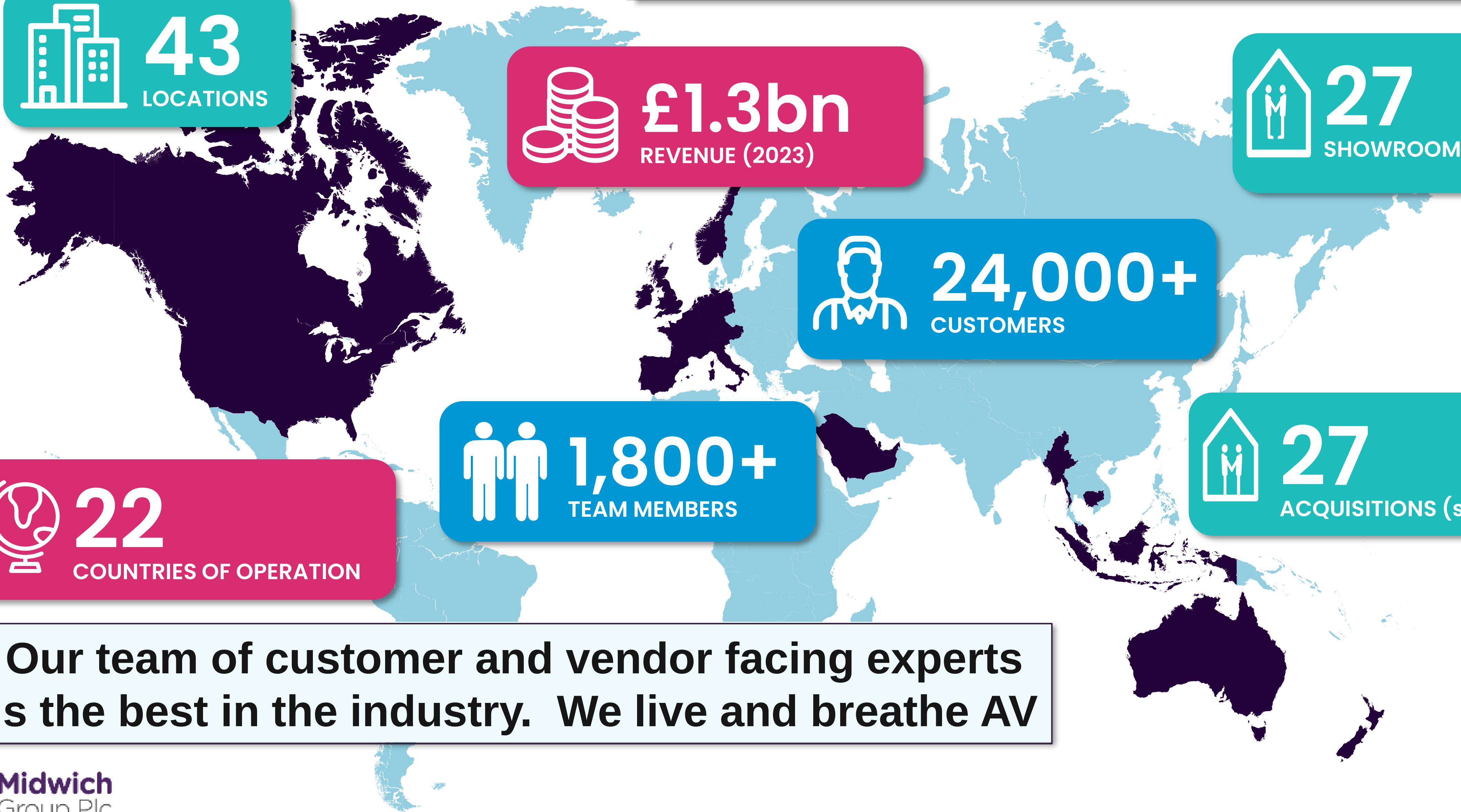
Delivering record results

2023 revenue and gross margin	
Global revenue	£1.3bn
Total growth	+7%
Organic growth	+1%
Mainstream products	-7%
Technical products	+18%
Gross margin	16.8% (up 1.5%)

Strong profit growth and cash generation	
Adj. operating profit	+17%
Adj. operating margin	4.6% (up 0.4%)
Adj. EPS	+4%
Operating cash conversion	114%
Leverage	1.1x
Total dividend	+10%

Midwich at a glance

Midwich is the leading global specialist value-added Pro AV distributor to the trade market



43
LOCATIONS

£1.3bn
REVENUE (2023)

27
SHOWROOM/ DEMO FACILITIES

24,000+
CUSTOMERS

1,800+
TEAM MEMBERS

27
ACQUISITIONS (since 2016)

22
COUNTRIES OF OPERATION

Our team of customer and vendor facing experts is the best in the industry. We live and breathe AV

Delivering against our long-term strategy

Specialisation	Geographical Coverage	Scale
Relevance Profitability Defensibility	Support Global projects Share of wallet	Efficiency Profitability Cross selling

Our strategy delivers:

Long term, strong, predictable and defensible EPS growth

What makes AV special?

AV can make almost every business perform better.

Our technology helps drive improved performance, for example in…

Corporate
More effective meetings, better collaboration and remote working

Education
Higher quality and more interactive teaching

Retail
More impactful and cost effective in-store marketing

Transport
Making roads and airports flow better and safer

It also supports creativity and fun…

Media and advertising
High impact digital signage and smart advertising

Film and TV
Virtual production, post-production editing and luxury home cinemas

Automotive
Car design, F1 race management to showroom experiences

Sport
Better experiences, more fun, enhanced safety and flexible venue use

AV turns digital content into experiences

Our purpose and key differentiators

We exist to help our customers win and then deliver successful projects, and our manufacturers to reach a broad market

Deep vendor relationships

Broad, long, close, symbiotic, unique

We are exclusive or #1 distributor in 80% of relationships with our top 40 vendors

Portfolio management expertise

Products, technologies, geographies

Has driven seamless revenue growth every year since 2005, doubling of GP percentage, and PBT 50x higher

Unrivalled depth of specialist knowledge

Support customers to win and deliver great projects

Technical product sales have grown from 21% (2016) to 60% of revenue (2023)

Consistently high customer service

Responsive, knowledgeable, understanding and effective operators

Relationship with all top 50 customers for over 10 years

Current landscape

General Market Conditions

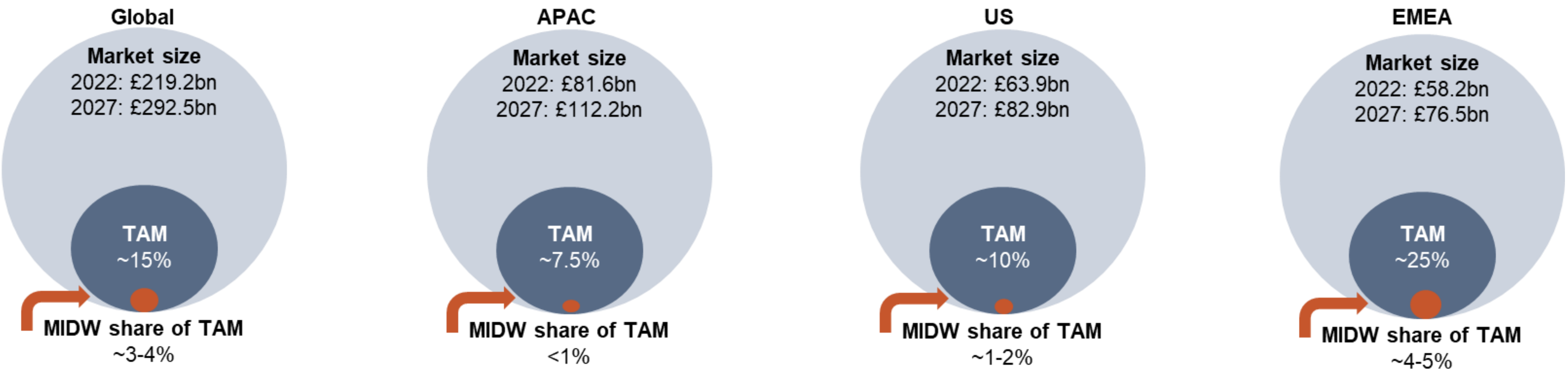
- General economic weakness having an impact on our markets – to varying degrees;
- UK&I and Australian markets particularly impacted, with some impact in US and mainland Europe. Continued strength in Middle East;
- COVID-related factors now virtually eliminated, with just a few product shortages in some audio/technical product categories remaining;
- Corporate market demonstrating weakness with impact on demand for UC solutions;
- Unusually, we have seen some softness in discretionary education spend, with some funding diverted to pay for higher salary and energy costs;
- Live events and entertainment continue to be strong.

Our Business

- Order books remain healthy and stable;
- Mainstream product areas most affected by economic downturns, with our focus on higher margin product areas compensating;
- Market shares generally stable or increasing;
- Seven deals completed in 2023, integration progressing well. One deal (The Farm) completed in 2024;
- Strong future acquisition pipeline, with a number of transactions in due diligence.

We have significant market opportunity

Our TAM by Global Region



Note: Assumes £1=$1.22 in 2022 and 2027 and £1-= $1.37 in 2021

Substantial addressable market

Opportunity to grow remains significant

Addressable market is an estimate based on:
Total market size less estimates for:
- Integrator value add
- Manufacturer direct sales
- Low margin business not of interest
- Geographical markets not of interest currently (eg Russia, China, South America)

Possible additions not taken into account:
- Manufacturers switching direct business through the channel
- Expansion of our channel services offering

Targeting addressable market opportunity:
- Larger sales resource to penetrate deeper into customer base
- Expand range of brands within current segments
- Expand into new technologies in markets where we don't have an offering
- Expand into new countries

2027 global revenue scenarios:
(£ million)

Impact of increasing share of TAM		
5%	7%	10%
2,194	3,071	4,388

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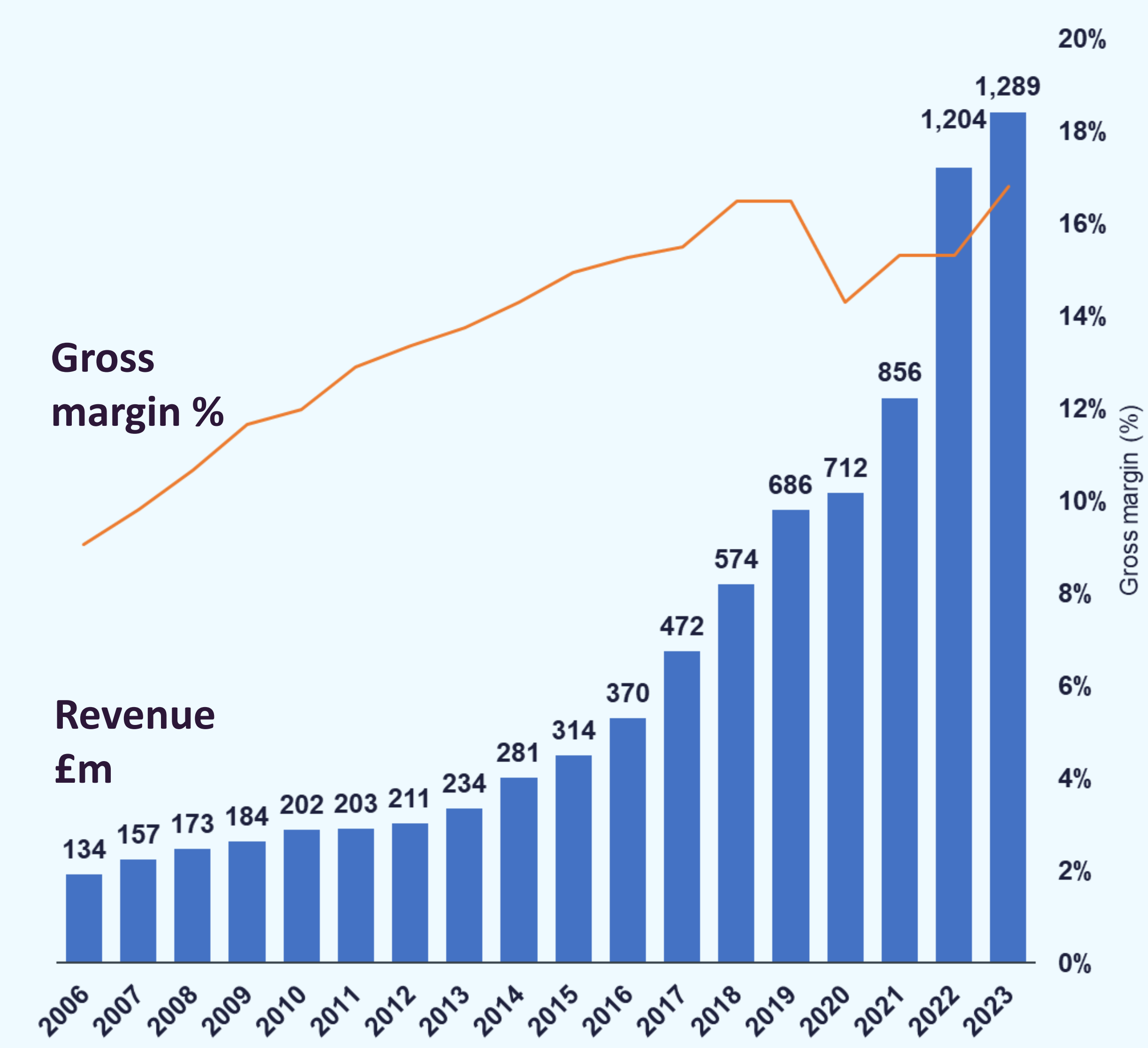
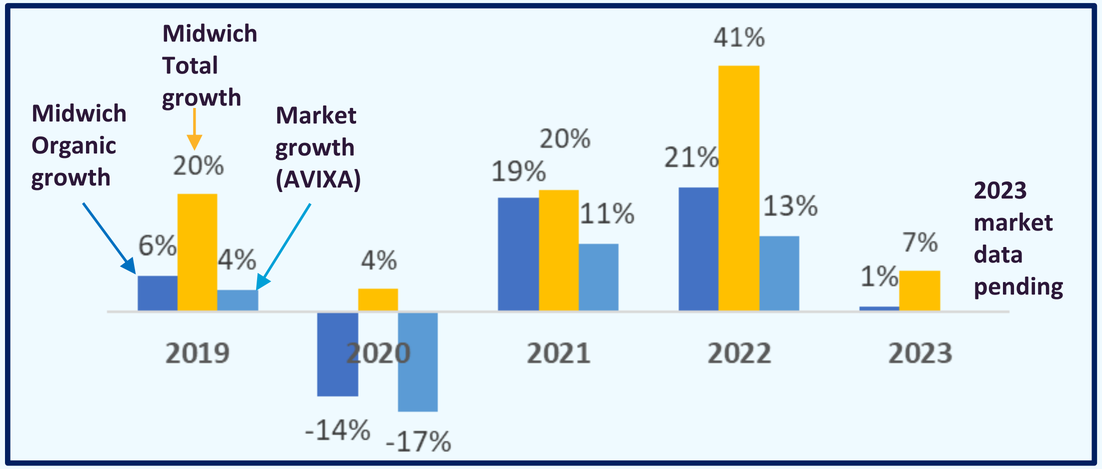
TAM = Our assessment of the Target Addressable Market

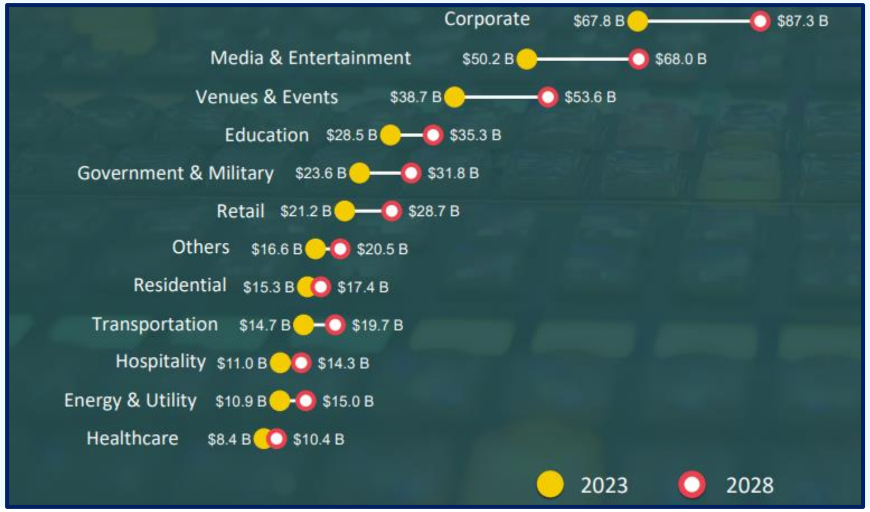
Consistent market outperformance



Consistent market share gains:



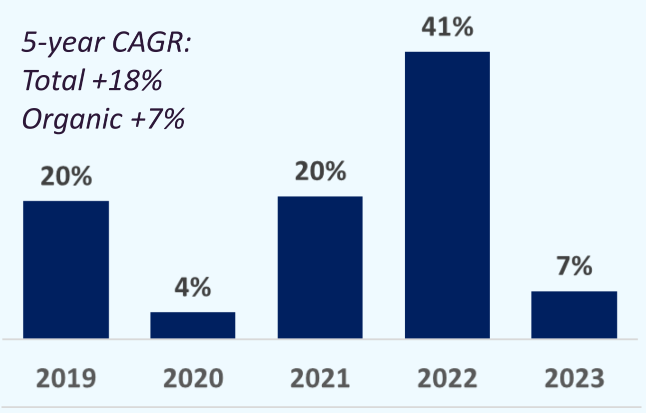
Projected annual market growth of 5.6% to 2028:



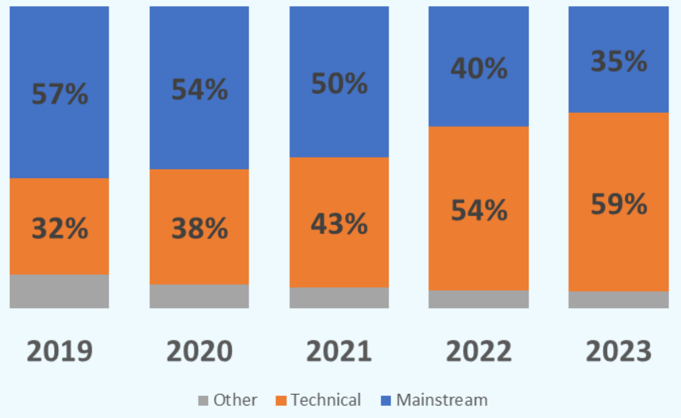
Source: AVIXA

Strong track record

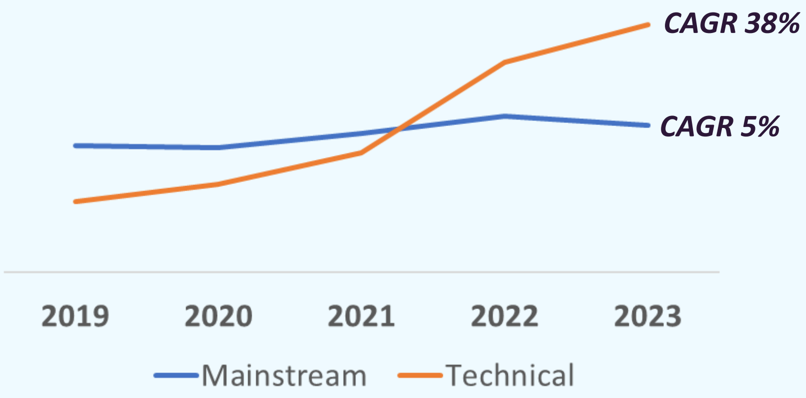
Strong revenue growth



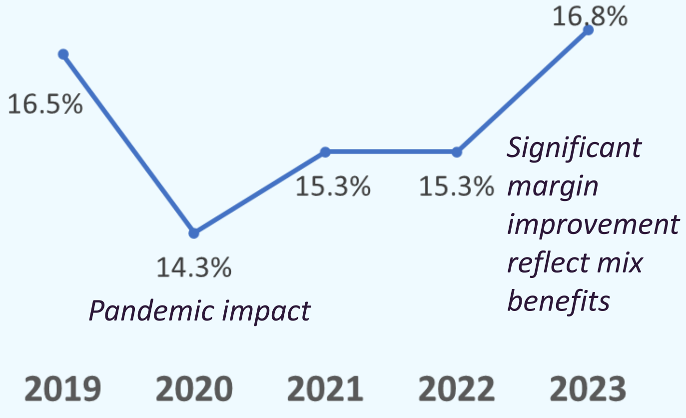
Increased technical product mix



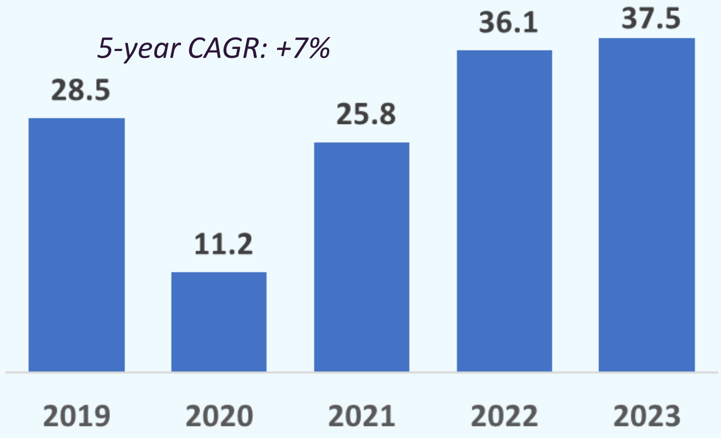
Revenue (£m) by product type



Gross margin development

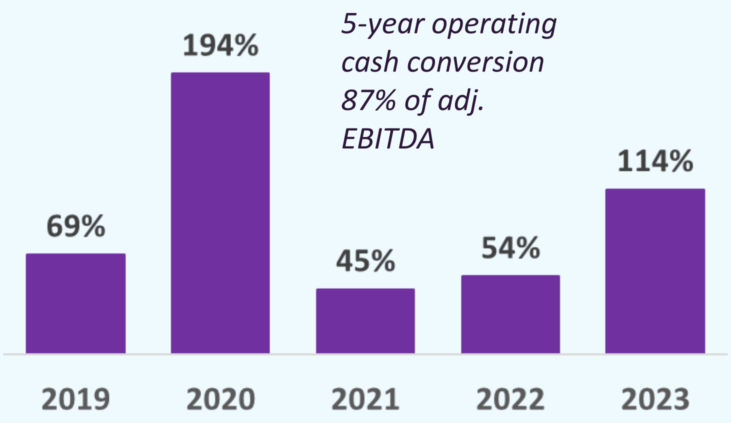


EPS (p) development



Fundraises in 2020 (£40m) 2023 (£51m)

Operating cash generation



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Financial Review

Stephen Lamb, Group finance director

Income statement

Summary Income Statement				
£m	2023	2022	Actual change	Constant currency change
Revenue	**1289.1**	**1,204.1**	7%	*7%*
Gross profit *Margin*	**216.5** *16.8%*	**183.7** *15.3%*	18%	18%
EBITDA (Adj.)	**69.5**	**58.4**		
Adjusted operating profit *Margin*	**59.6** *4.6%*	***51.1*** *4.2%*	17%	17%
Net finance expense	(9.6)	(5.9)		
Adjusted PBT	**50.0**	**45.2**	11%	11%
Taxation	(11.5)	(11.1)		
Adjusted PAT	**38.5**	**34.1**	13%	
Adjusted EPS (p)	**37.46**	**36.08**	4%	
DPS (p)	**16.5**	**15.0**	10%	

- **Record revenue of £1.3bn, up by 7%.**
- **Organic growth of 0.8% with further share gains in key markets.**
- **Highest ever gross margin at 16.8%; ahead of prior year by 150bps reflecting technical mix benefit.**
- **Further operating leverage with adj. operating profit margin improving to 4.6%.**
- **Interest rate increases are a headwind on finance costs.**
- **Adjusted effective tax rate of 23.1% (2022: 24.5%) reflects strong growth in Middle East.**
- **Adjusted EPS growth reflects £50m fundraise in June 2023.**
- **Final dividend of 11p per share proposed (payable June 2024) following an interim dividend of 5.5p per share.**

Balance sheet and cash flows

Balance Sheet (31 December)		
£m	2023	2022
Non-current assets	**208.4**	**150.9**
Net working capital (ex cash)	**154.6**	**150.6**
Net working capital as % of revenue	*12.0%*	*12.5%*
Cash, net of liabilities due within one year	(20.9)	(26.9)
Capital employed (Total assets less long-term liabilities)	342.1	274.6
Long-term liabilities	(146.0)	(140.5)
Net assets	**196.1**	**134.1**
Net debt (reported)	***106.2***	***119.4***
Adj net debt (ex leases)	***82.6***	***96.0***

- **Non-current assets increase due to seven acquisitions in 2023.**
- **Strong working capital management, reflected in operating cash flows (+114% of adj. EBITDA).**
- **Adjusted net debt of £82.6m (£96.0m at December 2022). Adjusted net debt equivalent to 1.1x Adj EBITDA (December 2022: 1.6x).**
- **Multibank RCF facility of £175m (plus £75m accordion): RCF c.50% utilised at 31 December 2023. c.£100m of other facilities in place – mainly working capital.**
- **Other liabilities include estimated payments for put/call options and deferred consideration:**
  - **£33.7m due <12 months**
  - **£4.4m due >12 months**
- **Cash conversion guidance remains 70-80%.**
- **Return on capital employed at 17.5%.**
- **Consistent capital allocation model (appendix).**

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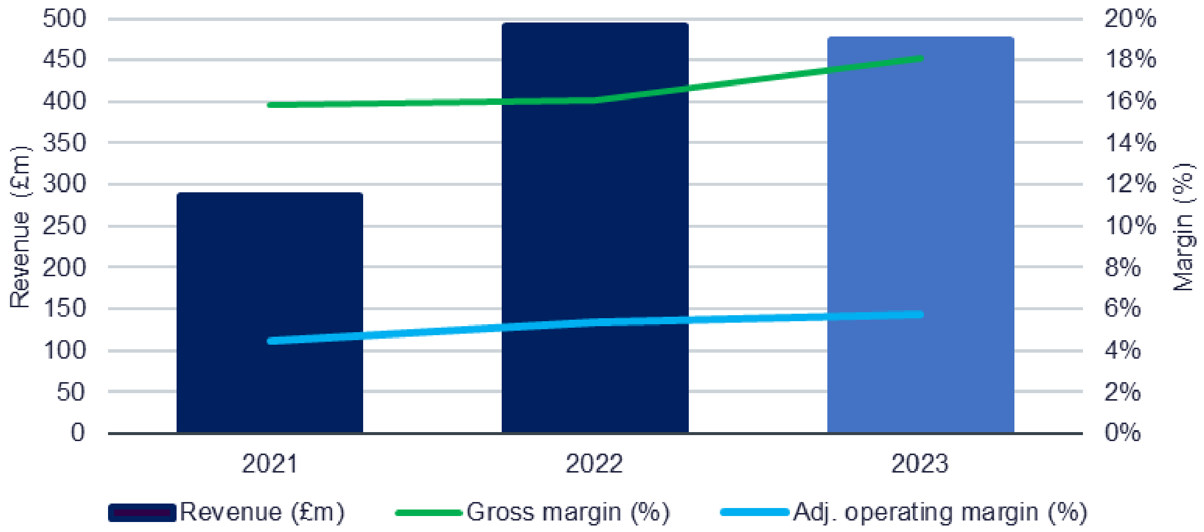
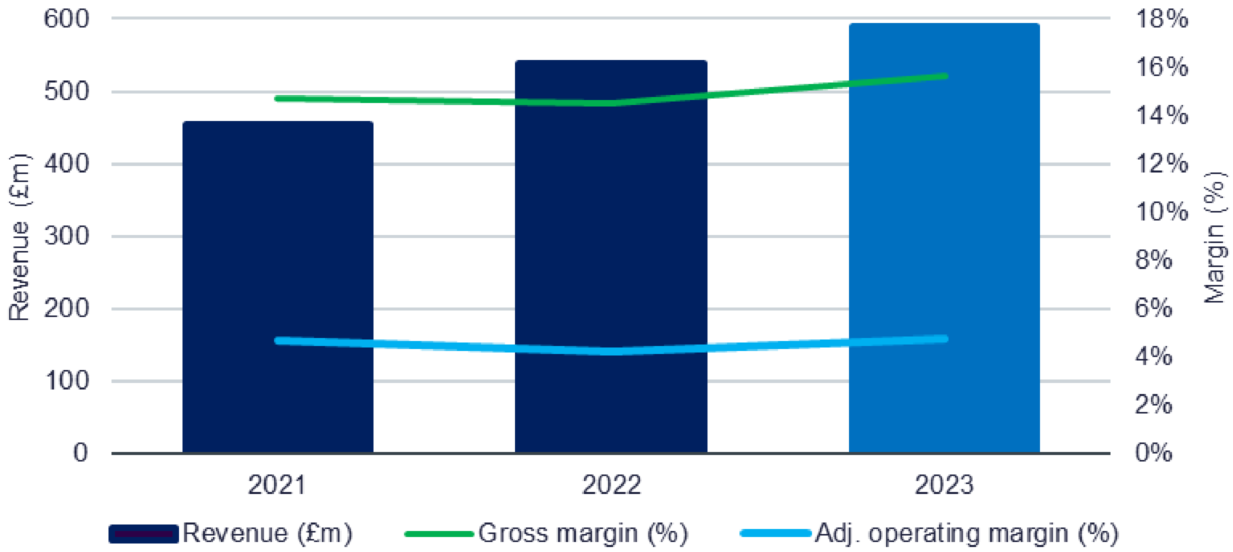
UK & Ireland (37% GROUP REVENUE)

- After an exceptional year in 2022, the UK&I market was more subdued in 2023, reflecting softer corporate and education markets. Data shows that the mainstream product market demand was down, eg LFDs declined by 26%. We have our biggest market share in the UK&I region, with our mainstream revenue down by 15% despite gaining market share.
- Technical product categories, such as audio and lighting were stronger with revenue up by 5%. This favourable mix impact supported gross margin improvements of 2ppts to 18.1% (a regional record).
- The 2022 acquisitions of DVS and Nimans have been fully integrated, are performing well. The 2023 acquisitions of Pulse and HHB are being integrated. HHB has been impacted by some market shifts, but we anticipated this in our deal planning and still expect strong long-term returns.
- Record UK&I operating profit at £27.1m (+2% vs 2022).



EMEA (45% GROUP REVENUE)

- The EMEA region comprises our businesses in France, Germany, Switzerland, Benelux, Norway, Italy, Iberia, and the Middle East.
- Revenue, on a constant currency basis, increased by 8.9% to £589.3 million, with organic growth of 8%.
- Our audio-focused, higher margin, businesses in Iberia, Italy and the Middle East performed particularly well in the year with improved availability of product and higher investment by the live events and entertainment sectors. The Saudi business has also started well.
- Gross margins in EMEA increased by 1.1ppts to 15.7% and adjusted operating profit in EMEA increased by 23.9% to £28.1m.



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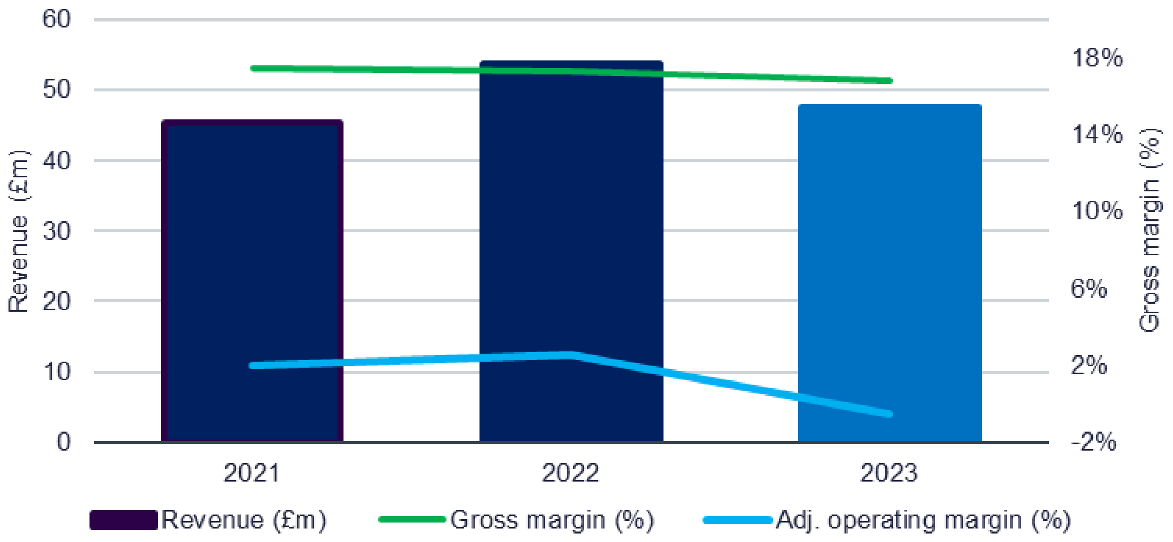
Asia Pacific (4% GROUP REVENUE)

- Our smallest region by some way, the Asia Pacific business has traditionally focused on technical video solutions into the large project market. This element of the market is still below pre-pandemic levels.
- Given the market dynamics, APAC now has the largest mainstream mix of any region (c55% of sales) and, therefore, saw a drop in sales, and gross margins in the year.
- The adjusted operating loss of £0.3 million reflected the lower sales and product mix challenges.
- The business is expected to recover to previous levels in time, has a new management team, and there are ongoing discussions to add a number of new brands.



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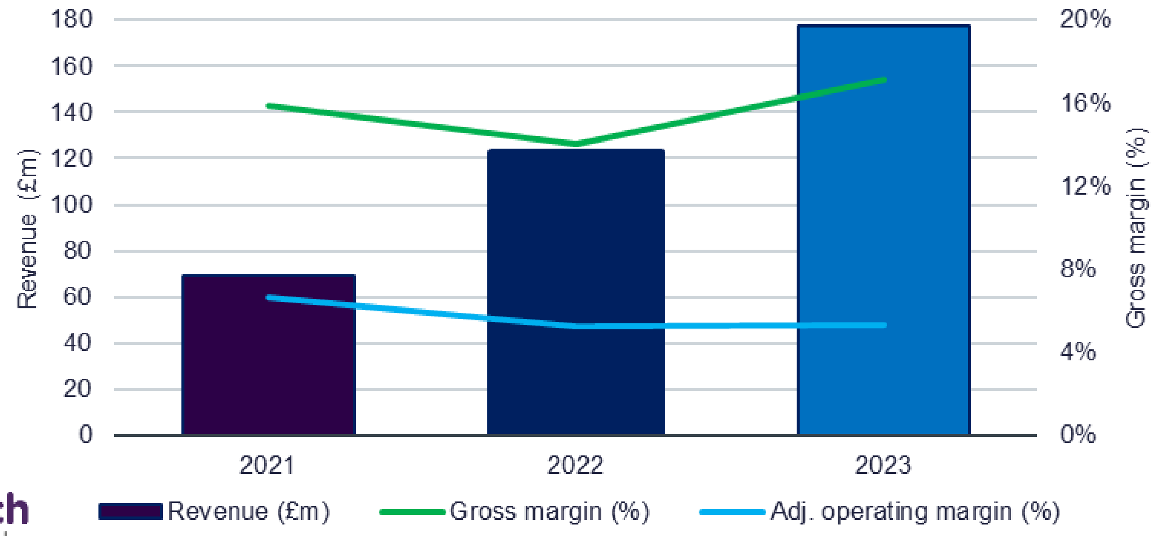
North America (14% GROUP REVENUE)

- Starin, our established US business, performed well in the year, with revenues increasing by 8.1%. We also added two small specialist acquisitions during the year, which have already been integrated and are performing well.
- SFM in Canada was acquired in June 2023 and gives us access to the seventh largest AV market in the world through this specialist pro audio business. The integration has surpassed our expectations with a strong performance backed by an excellent cultural fit.
- The gross margin at 17.2% reflects the benefit of adding in the technical products through acquisition in the year.
- Our focus in North America has been to expand our sales and business management teams organically, to gain market share through high service levels and to win strong new brands. We accelerated this through the acquisition of The Farm in January 2024. This sales focused business adds three locations and 26 additional people to our team.
- Adjusted operating profit was £9.5 million – a 48.6% increase on 2022 (in US$).



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MIDWICH GROUP SUSTAINABILITY STRATEGY

We continue to take our commitment to Environmental and Social Responsibility seriously

<u>2023 progress</u>

In 2023 we made significant progress against our sustainability strategic objectives.

Our established community programmes, which integrate the wider AV community, have continued to develop and grow.

Our environmental activity also stepped up, with our move to TCFD aligned reporting, climate targets and influencing the wider Pro AV channel's thinking.

We increasingly believe that AV products can help many industries reduce emissions and have committed to investing more resources in this area in the year ahead.

OUR PEOPLE AND GIVING BACK

To care about our team and local community. Developing skills and diverse talent that will support our business and sector, now and in the future. Be a resource to the local community, benefiting all involved.

OUR ENVIRONMENTAL PERFORMANCE

To manage and reduce emissions and energy consumption in our own business and influence key impacts in our supply chain.

OUR SOLUTIONS

To promote AV solutions that help people to communicate, collaborate and work more efficiently.

INFLUENCING OUR CHANNEL

To support a sustainable value chain to ensure its long-term success and maximise collective benefit.

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M&A overview and our investment case

Stephen Fenby, Group managing director

M&A strategy and results

M&A has been part of our strategy since 2006. We acquire businesses in order to either access new geographical markets, or to add new technical product areas into existing businesses. Midwich has acquired near 40 businesses to date.

We have a team of three working full time on deal execution, with extensive additional resource involved in post acquisition implementation.

A list of deals completed in 2023 is shown overleaf.

In January 2024, we completed the acquisition of The Farm, a highly technical sales representative business based on the West Coast of the USA.

Healthy deal pipeline.

Balance sheet and cash generation provides capacity for ongoing M&A.

Key M&A criteria;

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

Typical valuation 5-6x EBIT

M&A spend since IPO >£200m

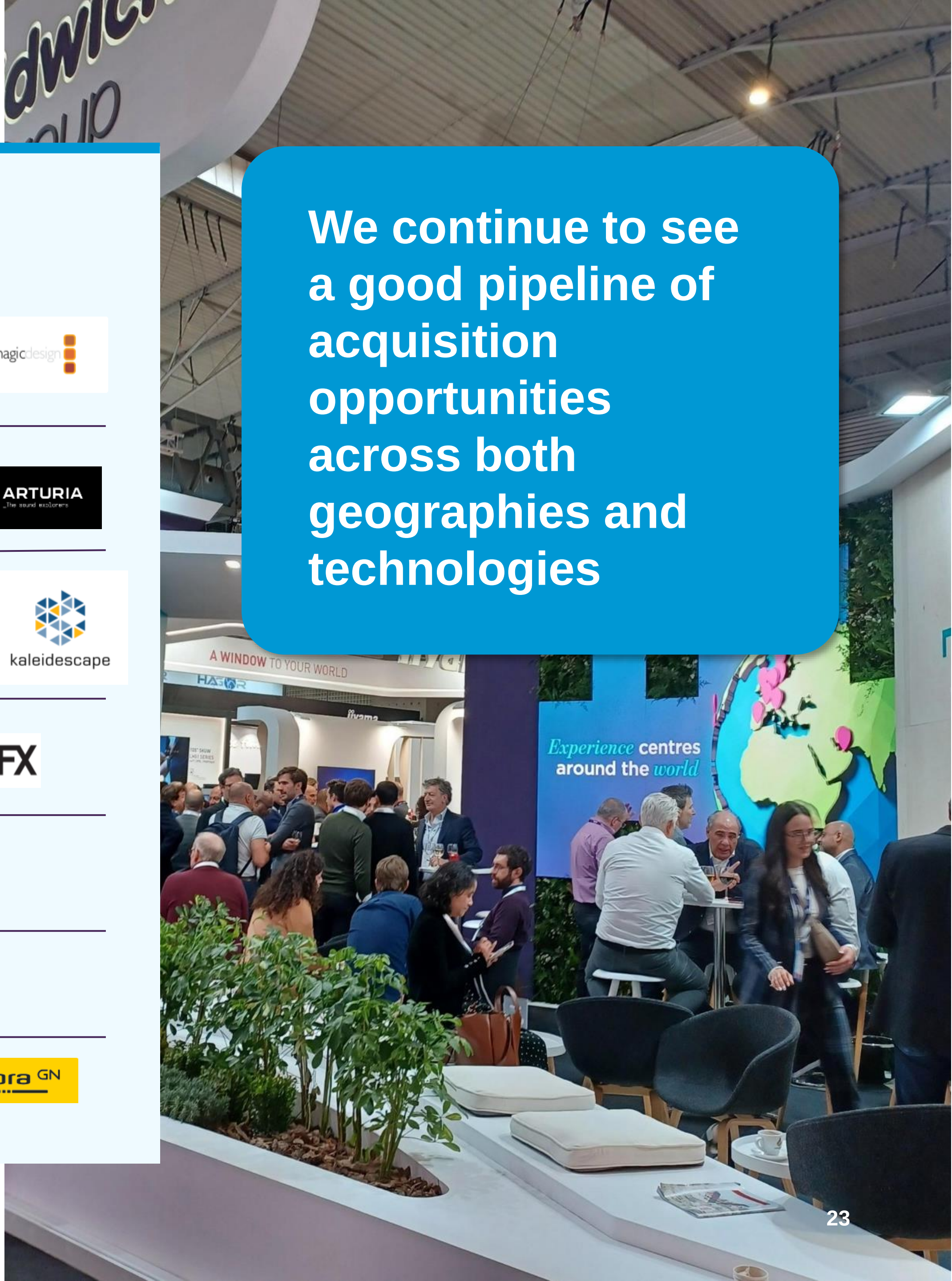
Average return (EBIT/EV) of c20%

Acquisitions in 2023

A demonstrable track record of executing accretive deals

Company	Country	Annual Revenue (approx.)	Primary product set	Primary end user market	Key vendors
sfm	Canada	$100m+	Audio	Pro audio, live events, corporate	Shure, QSC, Avid, Blackmagic design
HHB	UK	£25m	Audio	Media and entertainment	RØDE, Avid, Genelec, Arturia
pulse cinemas	UK	£5m	Home cinema	Residential	Paradigm, Lutron, Anthem, kaleidescape
Toolfarm	US	$15m	Video editing software	Media and entertainment	Maxon, Boris FX
76 Media Systems	US	<$5m	Video storage	Broadcast	EditShare
videodigital	Iberia	€5m	Pro video	Broadcast	Blackmagic design
prodyTel	Germany	€22m	Audio	Pro audio	biamp, AVer, Jabra GN

We continue to see a good pipeline of acquisition opportunities across both geographies and technologies



Creating value case study - NMK

Acquired 1 January 2021

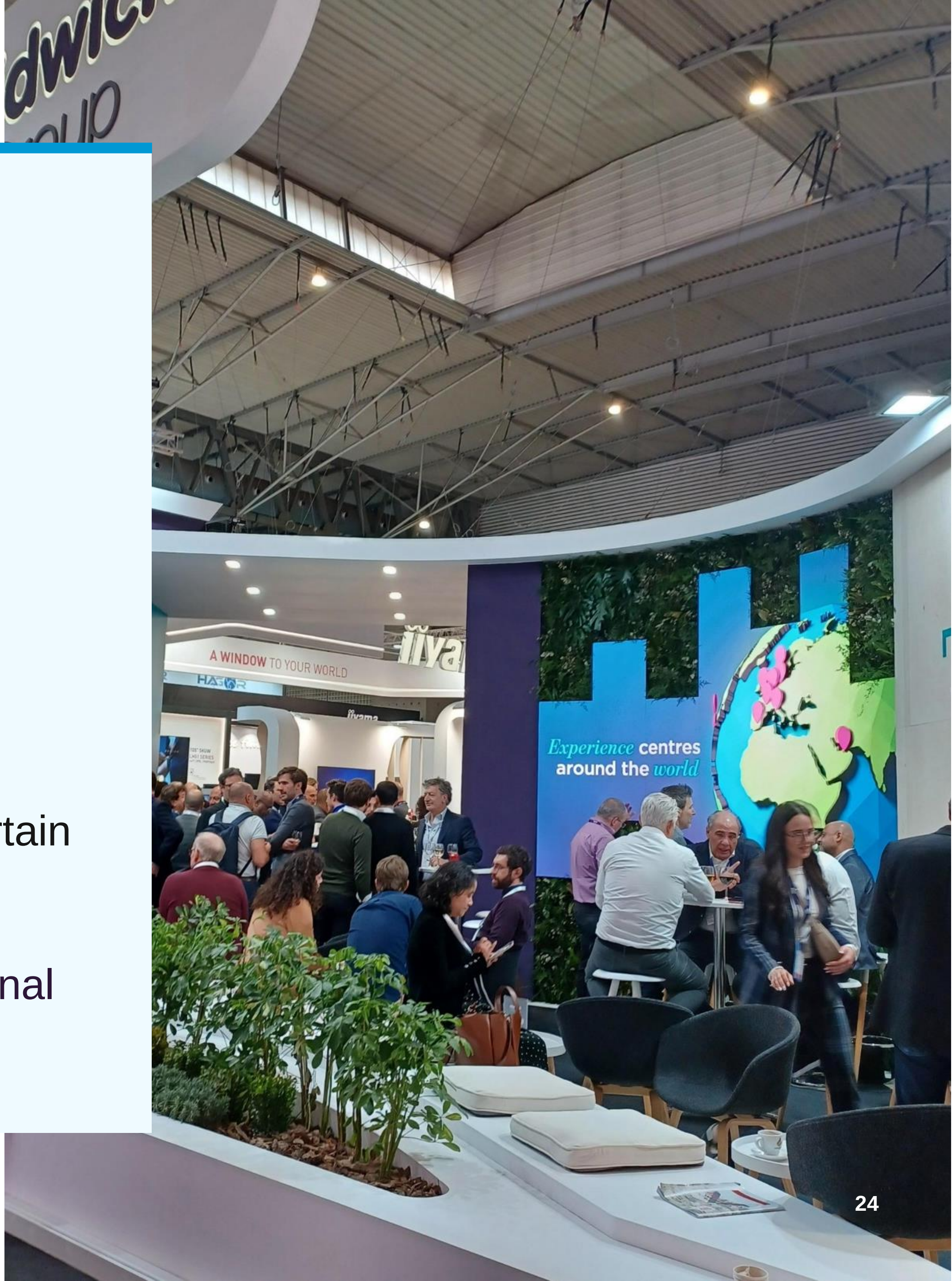
Acquisition plan included development programme.

Key support from Midwich Group:

- Investment in experience centre
- Financed Saudi business
- Senior finance secondment
- Supported recruitment of 63 people
- Helped to win and launch 15 brands

In return, the business has helped cement relationships with certain key vendors and introduce exciting new brands to the Group.

Profit and cash performance to date significantly exceeded original expectations.



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Our investment proposition

Midwich has a market leading position

- We are the **leading** global Pro AV **value-added distributor**
- In a **$300bn global market** that's expected to grow by 5.6% per annum
- Our current revenues represents **less than 4% of our target addressable market**

A clear strategy with solid foundations

- Our **strategy has remained consistent** since our IPO and our business model is robust
- Our long-term customer and vendor relationships provide **significant barriers to entry**
- We have the **strongest team in the industry**, supported by our experience centres and trade shows

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**

A values-based culture

- **Experienced and stable management team**
- High levels of **team engagement** and share ownership
- Long-standing **support for sustainability**

Key Drivers for long-term growth

Organic revenue

- Structural market growth (AVIXA c5-6% per annum)
- Trend towards increased use of distribution
- Further market share opportunities – notably in North America

Enhanced by M&A

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

Gross margin progression

- Continue to grow technical mix
- Continue value-added approach
- Potential for software/services/ rental revenue streams

Manage our cost base

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

2030 financial ambition: mid-high single digit organic revenue growth (plus M&A) with enhanced gross margins and small productivity improvements supports potential double digit adjusted EPS growth

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APPENDICES

Group management team

Stephen Fenby
Managing Director

Stephen Lamb
Finance Director

Tom Sumner
Chief Strategy Officer

Mark Lowe
Chief Commercial Officer

Mathieu Payet
Managing Director - EMEA

Stuart Mizon
Group Commercial Director

Joe Thompson
Corporate Strategy Director

Phil Bligh
Chief Finance Officer – UK&I

The Pro AV value chain

AV MANUFACTURERS

Develop and manufacture products across multiple AV categories, such as displays, projectors, video, audio and digital signage.

MIDWICH GROUP

Midwich Group distributes AV products to the trade market.

TRADE MARKET

The AV trade market is formed of professional AV integrators and IT resellers. AV integrators assess their clients' needs and develop an integrated solution, utilising various AV products.

END USERS

End users of AV products broadly cover the corporate, events, government, education, retail, hospitality, healthcare and residential markets.

Value that AV manufacturers get from Midwich:

- Market intelligence and strategic and tactical input into planning
- Market access through highly experienced and effective AV sales, marketing and technical teams
- Ability to reach broad, profiled AV customer base
- Industry-leading events and experience centres enable greater interaction with customers and end users
- Efficient logistics and specialist product support
- Global reach gives ability to support multinational projects
- Midwich's scale means fewer points of contact, improving operating efficiency for manufacturers

Value that Midwich gets from AV manufacturers:

- Access to high quality products to distribute to its customers, often on an exclusive or number one basis
- Ability to influence product development and early access to new technology
- AV product training, informing users of the value proposition

Value that Midwich gets from the trade market:

- Customers for AV products
- Opportunities to support multinational end users' projects across geographies
- Market knowledge and end user feedback

Value that the trade market gets from Midwich:

- Proactive help to sell and deliver successful projects
- Unrivalled depth of product and technical expertise
- Widest product range and an ability to offer complete solutions
- Efficient logistics
- Demonstration and training facilities
- Credit team knowledge and support
- Technical requirements and targeted marketing support for different vertical markets
- Strong relationship management skills
- 100% trade focus builds high customer trust

Value that the trade market gets from end users:

- Customers for AV products
- Feedback on their needs from the AV market

Value that end users get from the trade market:

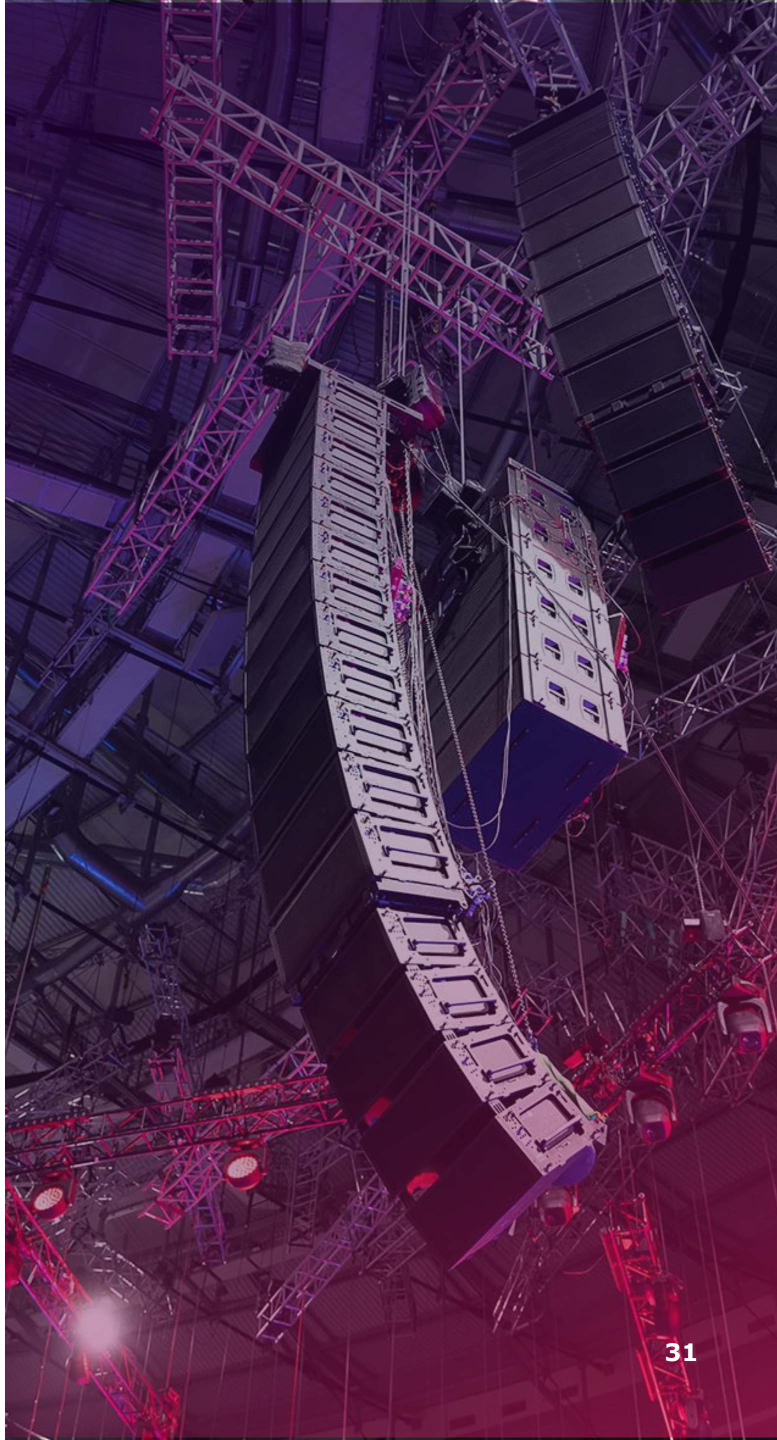
- Advice and assistance on AV products and the solution that they require to meet their needs
- Integration and installation of the AV products to ensure that all the products work well together as one solution
- Ongoing monitoring and support of AV installations

Demand drivers in the AV Industry

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

Our capabilities

Region	Country	Mainstream	Technical Video	LED	Audio	UC	Broadcast	Lighting
UK&I	UK & I							
Northern Europe	Netherlands							
	Belgium							
	Norway							
DACH/Eastern Europe	Germany							
	Switzerland							
	Austria							
Southern Europe	France							
	Spain							
	Portugal							
	Italy							
Middle East	UAE							
	Qatar							
	Saudi Arabia							
Americas	United States							
	Canada							
APAC	Australia							
	New Zealand							
	South-East Asia							



Why Midwich?

WHY OUR CUSTOMERS CHOOSE US

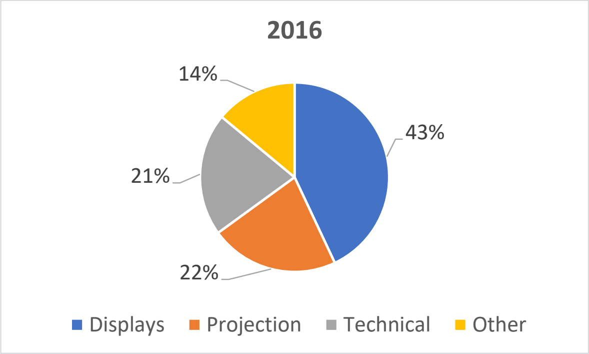
- Nurturing long-term relationships
- Training and events
- Vertical market focus
- Credit/business services
- Working together
- 100% Trade only
- Market and web services
- Award-winning distribution
- Personal approach

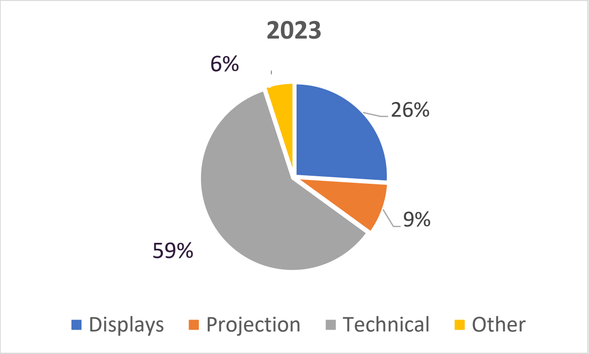
WHY OUR VENDORS CHOOSE US

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

Evolution of product and geographic mix

Specialisation



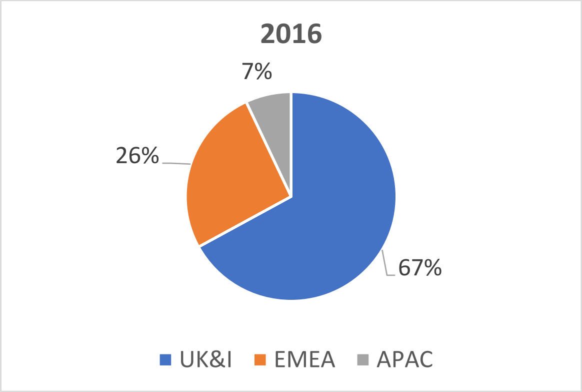


Increased specialisation of the business over time

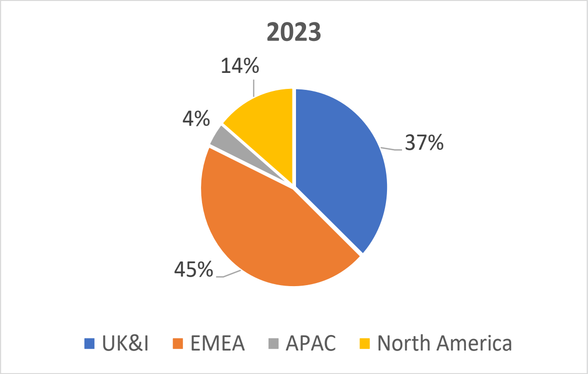
Technical product categories continue to increase in importance (2023 - 59%)

Displays and projection now 35% of sales

Geographical Coverage



Countries of operation: 6
Number of customers: c10,000



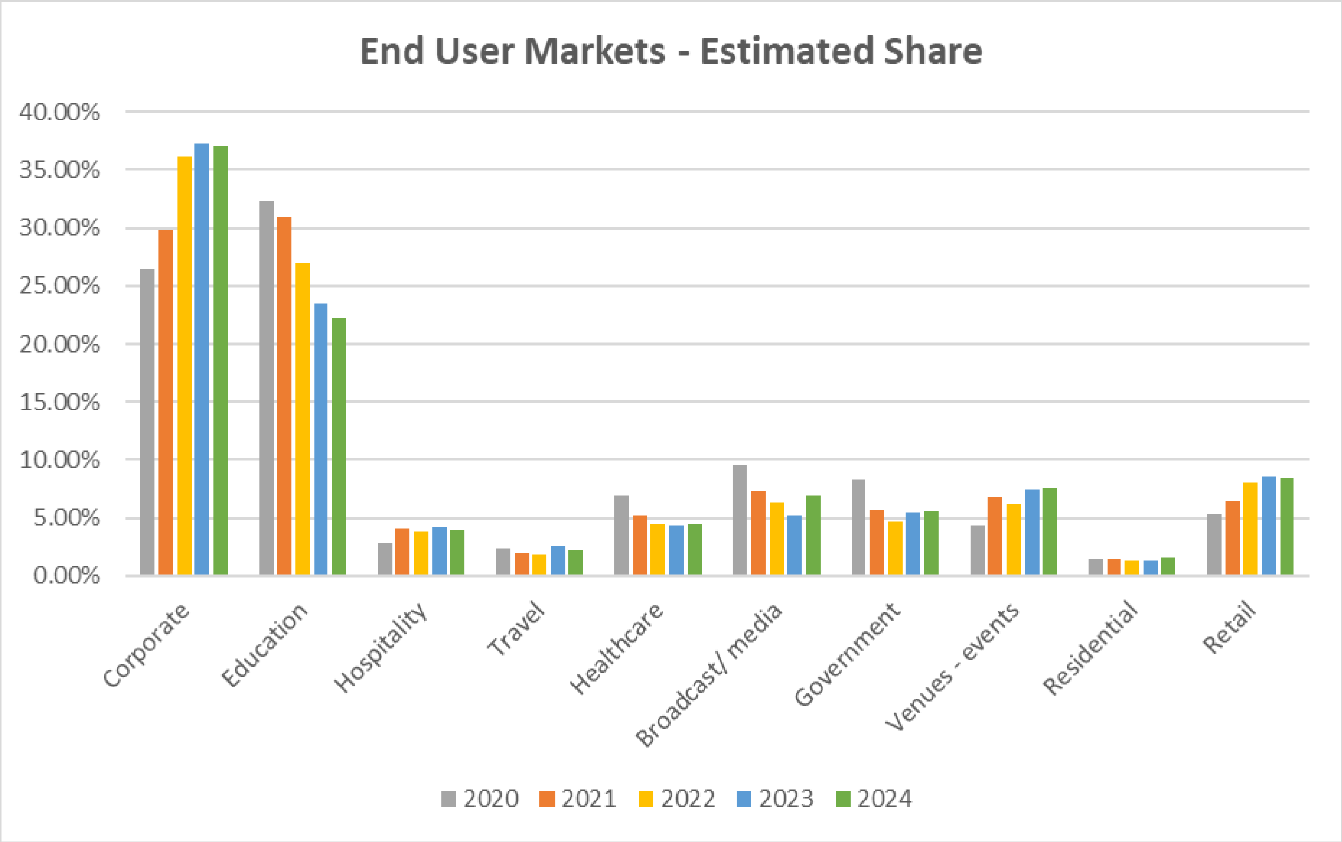
Countries of operation: 22
Number of customers: 24,000+

22 countries of operation (Canada added in 2023)

Group strategy and long-term trend towards increased North American and EMEA mix

Proforma North America with SFM c.16%.

End user market mix



Source: Midwich estimates

- **Impact of acquisitions – inclusion of Nimans in 2022 leads to significant increase in importance of corporate.**
- **Our expanded UC portfolio and continued roll out across the Group also increased importance of corporate market.**
- **Other acquisitions more weighted to broadcast and retail and much less to education.**
- **Education spend dropped – more in schools than higher education. UK&I particularly impacted.**
- **Higher spend in hospitality and events expected to continue.**
- **Writers/ actors strikes impacted broadcast/ media market in 2023. Some recovery expected in late 2024**

Strong customer and vendor relationships

Vendors

- Largest supplier accounts for 11% of sales;
- Top 10 vendors account for 48% sales and top 40 account for 80%;
- In our top 40 vendors 17% of sales are in exclusive relationships;
- We are number 1 distributor in a further 62%;
- Rolling out top 40 vendors across our group could increase revenue by 25%;
- Total vendors 960 – of which 112 had sales over £1 million.

- **Reduced vendor concentration dilutes risk;**
- **Significant gains from winning and growing new vendors;**
- **Leading distribution partner strengthens relationships and influence;**
- **Broad and deep portfolio difficult to replicate;**
- **Referred relationships a major strength of the business.**

Customers

- Largest customer accounted for 1.6% of revenue;
- Top 10 customers accounted for 11% total revenue, and top 50 account for 26%. Trading with 60% of top 50 customers for over 20 years, and 10-20 years with the rest;
- Half of the top 50 customers are AV integrators, with one third being IT/ telecoms resellers and the balance mostly etail/ retail. A higher proportion of smaller customers are AV specialists;
- Top 281 customers accounted for 50% of group revenue;
- Over 22,000 customers spent under £100k with us;
- Total traded accounts over 24,000;

- **Long term relationships bring high degree of repeat business;**
- **Low customer concentration mitigates risk;**
- **Our global network supports a significant number of major accounts;**
- **Less distinction between AV and IT customers;**
- **Long tail of accounts difficult to reach by vendors.**

PROVEN ACQUISITION CAPABILITY

Midwich has a history of entering new geographical and product markets through acquisition and then substantially growing the acquired businesses.

27 acquisitions since IPO
(Including The Farm – January 2024)

2016
- **Holdan** UK
- **Wired** New Zealand

2017
- **Earpro** Spain and Portugal
- **Sound Technology** UK
- **Van Domburg Partners** Benelux

2018
- **New Media** Germany, Austria and Switzerland
- **Perfect Sound** France
- **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** Germany
- **Intro 2020** UK

2022
- **DVS** (Cooper Projects Limited) UK
- **Nimans** UK

2023
- **SF Marketing Inc** Canada
- **Tool Farm** USA
- **76 Media Promotions** USA
- **HHB** UK
- **Video Digital** Spain
- **Pulse Cinemas** UK
- **prodyTel** Germany

Future development and performance drivers

Strategic focus areas:

- Continue to expand technical product capabilities;
- Use M&A to slot in technical skill sets into existing businesses (focus on North America, EMEA and APAC);
- Selective geographical expansion – primarily through M&A;
- Continue to development management and staff skills;
- Implement group-wide ERP system;
- Look at related new investment opportunities – eg Midwich Ignite.

Performance drivers:

Predictability

- Business diversity balances risk
- Strength in depth of skills
- Portfolio management skills (incl onboarding)
- Long-term relationships
- Risk management competence

Defensibility

- Unequalled brand relationships and portfolio
- Unequalled technical value add skill sets
- Strong cash generation
- Effective and focused capital allocation
- Improved competitive position/market shares
- Strong and efficient systems and processes
- Strong people development

Long-term growth

- Investment in business development
- Infrastructure investment
- M&A programme/pipeline
- People development

Market data

2023 – mainstream market

Europe (Source: Context – Distributor sales out)

Products	Growth (value)	Midwich
Collaboration displays	-30%	-6%
Large format displays (LFD)	-14%	
Conferencing	-7%	
Collaboration cameras	-16%	
Total IT/AV (inc networking etc)	-5%	+0.8% (organic)

Global (Source: Futuresource)

Products	Growth (value)	Midwich
Interactive LFD	-12%	
LFD	-17%	
Projection	-12%	-9%

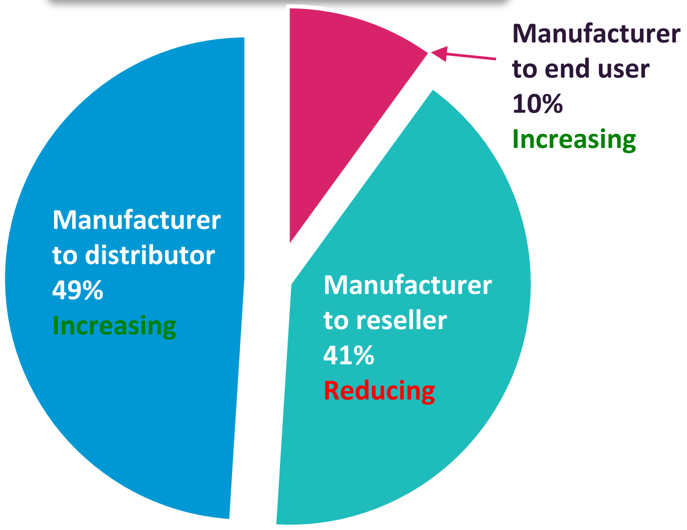
Global (Source:AVIXA Q1 2023)

All - Data expected to be revised downwards	+7.6%	+6.8% / +0.8% organic

2024 – mainstream market

Context	-1.3% to 5.3%	Distributor forecasts
AVIXA	+6.9%	May downgrade
OMDIA	+5%	

Route to market



Market expected to grow at CAGR 5.6% over 5 years to reach $402bn by 2028.

Source: AVIXA 2023

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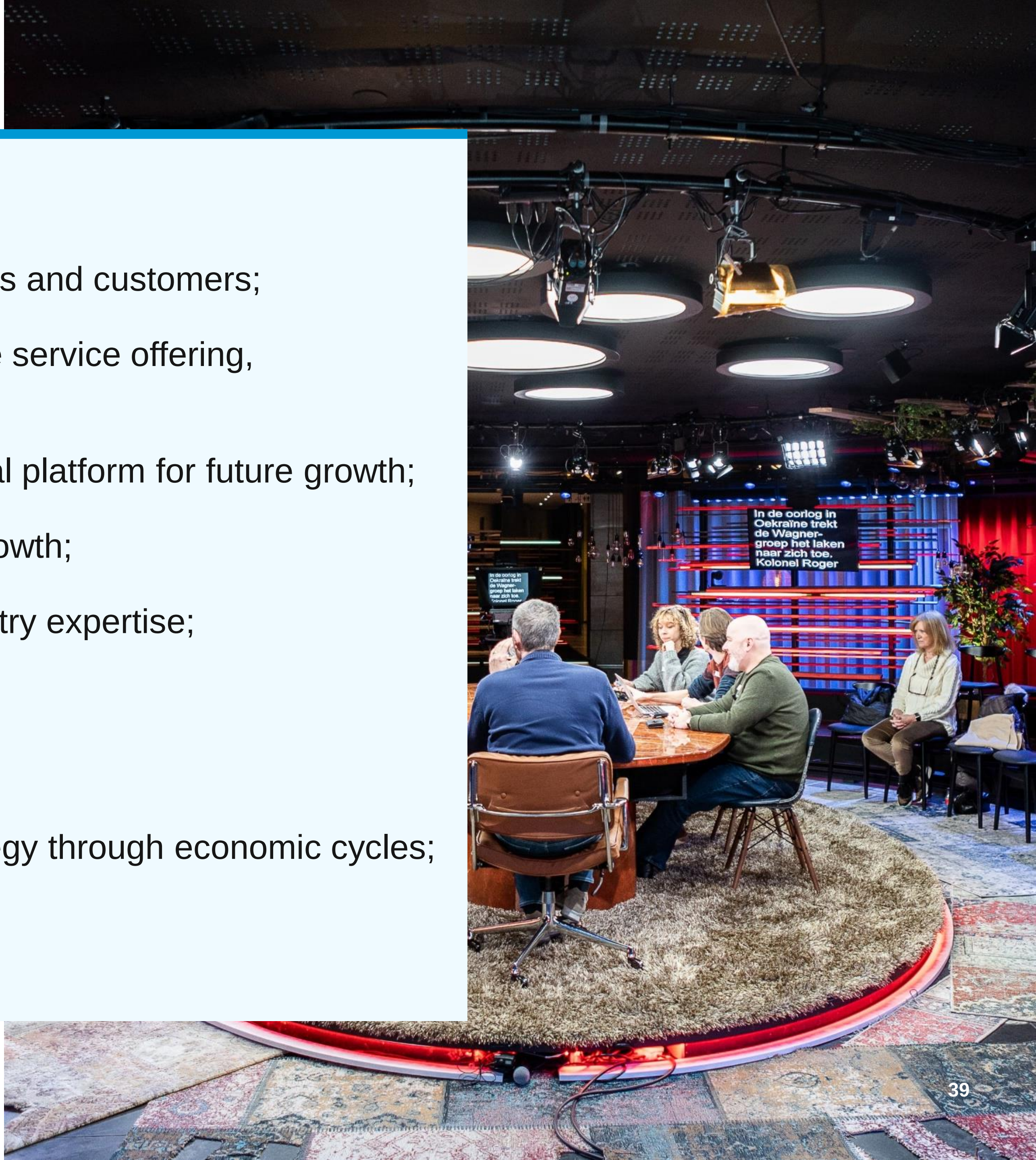
Strengths and defensibility

- ✓ Focus on the AV market;
- ✓ Key long-term, value-add relationships with major vendors and customers;
- ✓ High value-add distribution with specialisms and bespoke service offering, acting as a key differentiator;
- ✓ Leading competitive position and established international platform for future growth;
- ✓ Compelling drivers for a market with proven long-term growth;
- ✓ Experienced management team with long-standing industry expertise;
- ✓ Proven buy and build capabilities;
- ✓ Ability to drive strong organic growth;
- ✓ Strong financial track record and delivery of growth strategy through economic cycles;
- ✓ Proven ability to manage cash in a challenging market.



Capital allocation

Disciplined capital allocation, with a focus on long-term returns

Capital allocation framework to deliver sustainable compounding growth as well as growing returns to shareholders

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

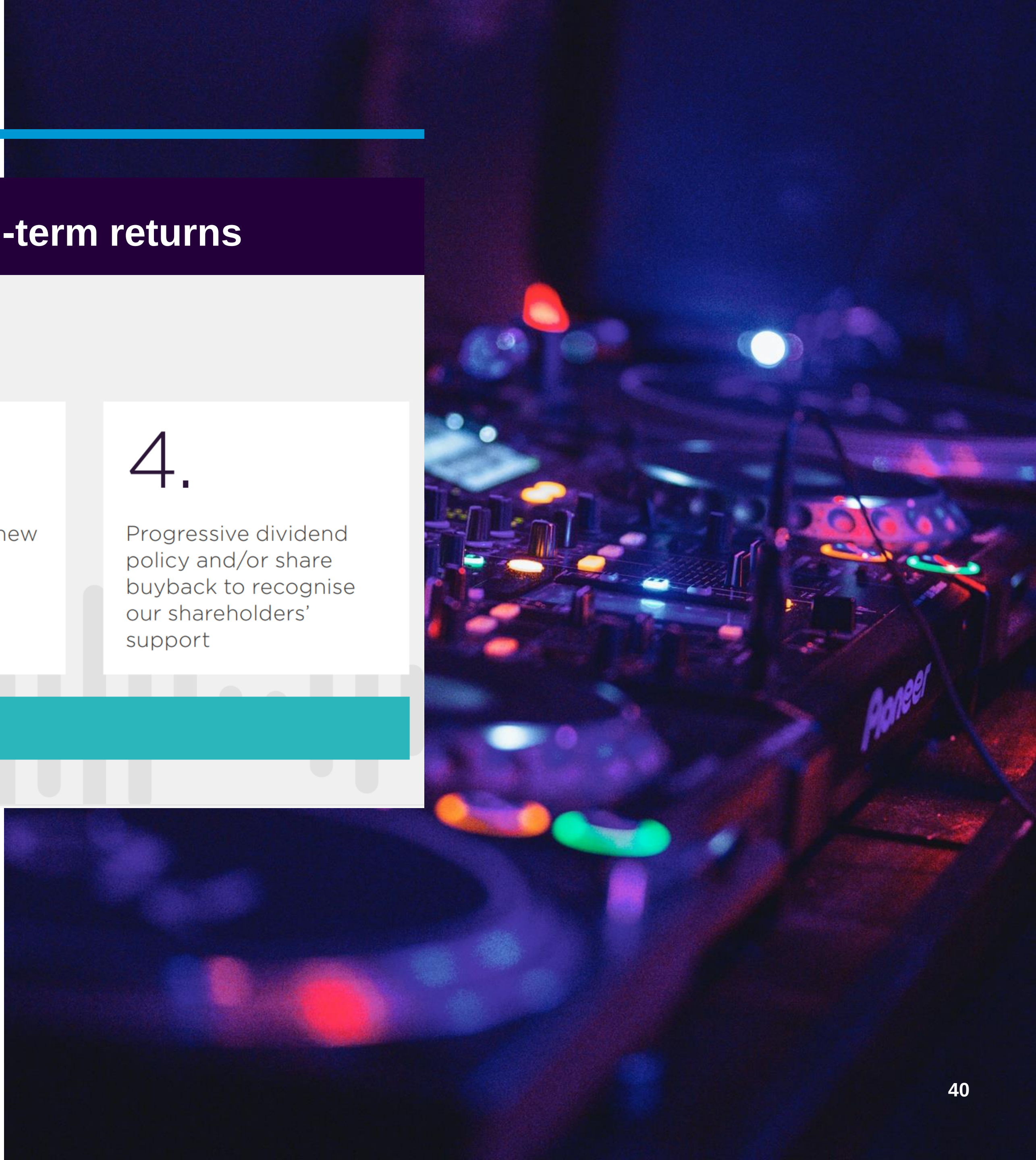
2. Organic investment to in new technologies or brands to support above market growth

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

- Adjusted return on capital^ 2023: 17.5%
- Despite significant M&A investment towards the end of the year



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^Adjusted return on capital employed is a Midwich Group alternative performance measurement

Modelling considerations

Acquisitions	**Deferred consideration / put & call payments c£30m due in 2024.** **Additional c£4m due 2025**
ERP amortisation	ERP programme in testing with initial "go live" now expected in H2 2024. Amortisation of core platform will be c£2.5m per annum.
Interest (adjusted)	Expected to be c.£10m in 2024 before any further M&A or rate rises.
Tax	Effective rate in 2023 at 23.1% of adjusted profit (Strong Middle East contribution). Increasing to c27% for 2024 (FY of 2023 M&A and UAE implements corporation tax).
FX	No material impact based on current rates vs prior year
Capex	Full year to be c£12m including ERP and UK rental fleet assets
Dividend policy	Progressive dividend policy.

Group trading highlights 2023

	12 months to 31 December 2023 £m	12 months to 31 December 2022 £m	Growth %	Constant currency growth %
Revenue	1,289.1	1,204.1	7%	7% (+1% organic)
Gross Profit	216.5	183.7	18%	18%
Gross profit margin	16.8%	15.3%		
Adjusted operating profit[1]	59.6 *4.6%*	51.1 *4.3%*	17%	17%
Adjusted profit before tax[2]	50.0	34.1	11%	11%
Adjusted profit after tax[2]	38.5	34.1	13%	
Adjusted EPS[2]	37.46	36.08	4%	

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

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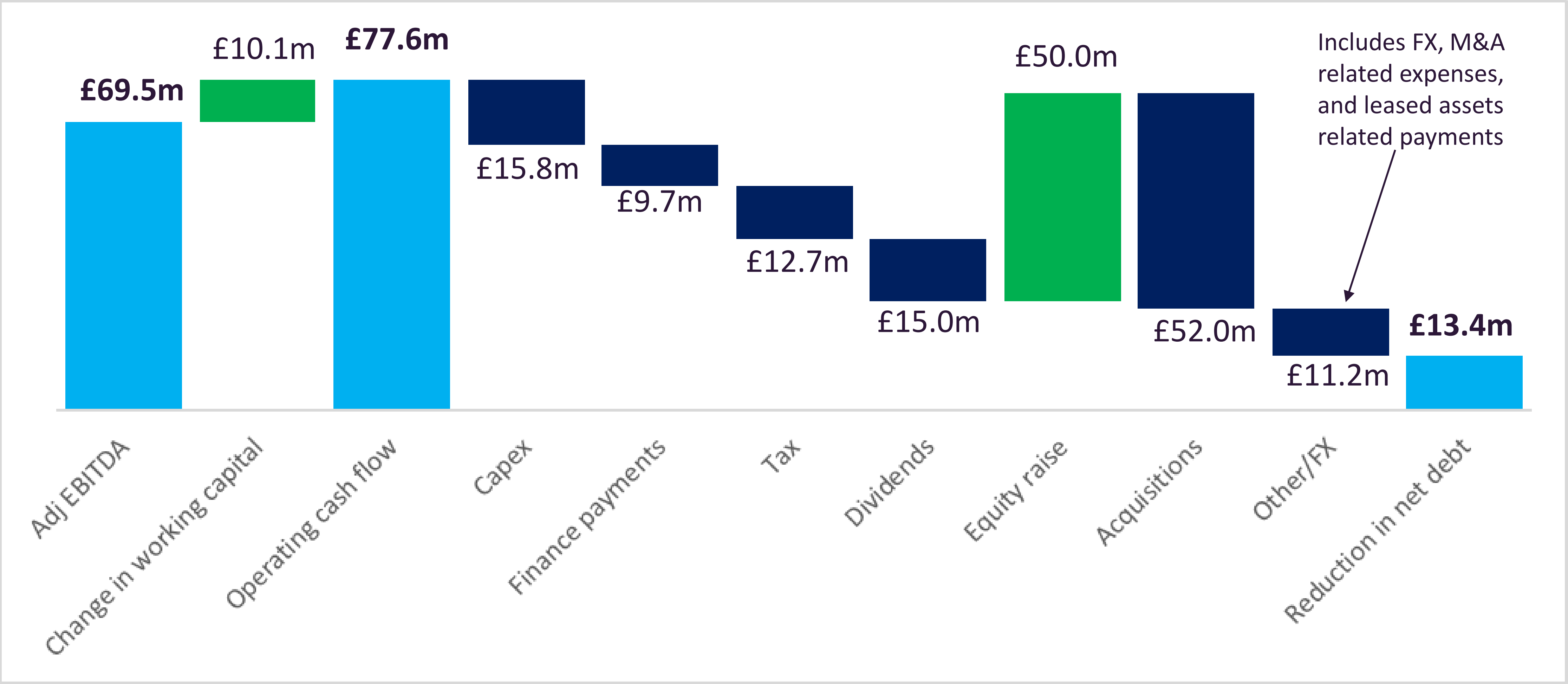
Regional summary

Region	Revenue 2023 £m	Revenue 2022 £m	CFX %	Org %	GP % 2023	GP % 2022	GP % Change
UK&I	474.7	492.2	(4%)	(8%)	18.1%	16.1%	+2.0ppts
EMEA	589.3	535.0	9%	8%	15.7%	14.6%	+1.1ppts
APAC	47.6	53.8	(7%)	(7%)	16.8%	17.3%	-0.5ppts
North America	177.5	123.1	46%	8%	17.2%	14.0%	+3.2ppts
Total	**1,289.1**	**1,204.1**	**7%**	**1%**	**16.8%**	**15.3%**	**+1.5ppts**

Adjusted operating profit[1]	2023 £m	2022 £m	CFX %
UK&I	27.1	26.5	2%
EMEA	28.1	22.7	24%
APAC	(0.3)	1.4	(118%)
North America	9.5	6.4	49%
Group	(4.8)	(5.9)	
Total	**59.6**	**51.1**	**17%**
Adjusted operating margin	**4.6%**	**4.3%**	**+0.3ppts**

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

Cash flow summary 2023



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Reconciliation to statutory profits

£m	2023	2022
Statutory operating profit/(loss)	**41.6**	**35.1**
Acquisition related expenses	1.5	0.4
Share based payments and employer taxes	5.3	6.2
Amortisation of acquired intangibles	11.2	9.4
Adjusted operating profit	**59.6**	**51.1**

Statutory profit after tax	**28.9**	**16.9**
Operating profit adjustments (above)	18.0	16.0
Derivative movements and FX gains/losses on borrowing for acquisitions	0.7	(1.2)
Finance costs – change in carrying value of deferred consideration/Put & call options	(5.2)	5.4
Tax impact of adjustments	(3.9)	(3.0)
Adjusted profit after tax	**38.5**	**34.1**

Note, adjusted profit after tax after non-controlling interests is £35.9m for 2023 (£31.9m for 2022)

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