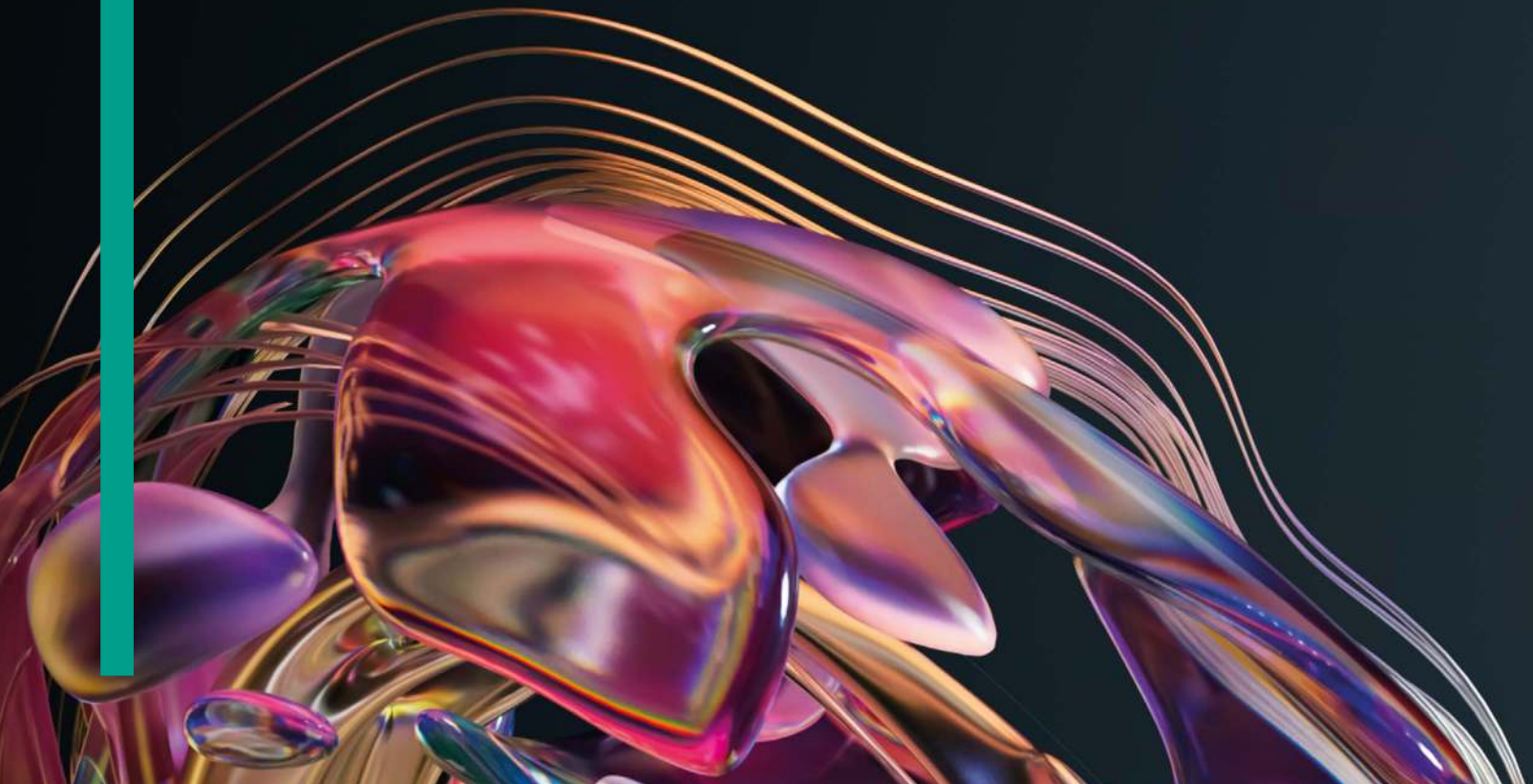
Enabling success together.



Annual Report and Financial Statements 2025

Midwich Group

Enabling success together.

Technology continues to transform the way the world works, learns and experiences. The Midwich Group's global network of specialist companies is at the heart of that transformation. Our purpose is to help our partners achieve more, a simple yet powerful focus: to connect technology and people in ways that inspire, empower and transform. We help our partners solve their biggest challenges and turn ideas and opportunities into results.

Global reach, local expertise

Operating across the UK & Ireland ("UK&I"), EMEA, North America and APAC, we combine deep technical expertise with trusted relationships to deliver solutions that make a real difference.

From immersive learning environments to live entertainment spectaculars, our technology helps people share ideas, tell stories and create moments that matter.

Our difference

We do more than move products, we partner with the world's leading technology companies to accelerate growth and deliver value. Our services are designed to solve challenges and unlock opportunities, including:

- **Complex system design** – Engineering solutions tailored to unique requirements.
- **Targeted marketing campaigns** – Driving awareness and demand for partner innovations.
- **Flexible financing** – Helping customers invest in technology with confidence.
- **Showcase events** – Creating hands-on experiences that inspire and inform.
- **Seed funding for start-ups** – Supporting the next generation of technology leaders.

This evolving portfolio is delivering robustness in markets and is designed to meet the changing needs of our partners and customers.

Our strategic advantage

Our strategy is built to deliver measurable value:

1. **Scale** – Leveraging our global network to amplify reach and deliver impact.
2. **Specialisation** – Focusing on expertise in key technology sectors to deliver best-in-class solutions.
3. **Geographical coverage** – Expanding and strengthening our presence across regions to serve partners wherever they operate.

Our values in action

Partnership
We work side by side with our partners to achieve shared goals.

Integrity
We act with honesty, transparency and respect.

Ambition
We embrace change and drive progress.

Excellence
We set the standard in service, delivery and support.

Powered by our people

Our culture is powered by our people. Our people are the heart of our network. We foster an environment where collaboration, innovation and excellence thrive across borders, enabling teams to deliver across every region. By creating a positive, inclusive workplace, we enable our teams to perform at their best, delivering exceptional service and contributing to the ongoing success of the Group.

DISCOVER HOW WE'RE
ENABLING TOMORROW (P.38),
TAKING TECHNOLOGY FURTHER (P.42),
AND BRINGING PEOPLE TOGETHER (P.39).

HIGHLIGHTS

FINANCIAL HIGHLIGHTS.

Statutory measures

Revenue

£1,292m

2024: £1,317m

Operating (loss)/profit

£(14.9)m

2024: £24.1m

Basic EPS

(21.92)p

2024: 15.69p

Adjusted performance measures^^

Revenue – continuing business

£1,271m

2024: £1,290m

Gross margin^ – continuing business

17.7%

2024: 17.7%

Adjusted operating profit^

£43.6m

2024: £48.9m

Adjusted profit before tax^

£30.5m

2024: £39.1m

Adjusted cash flow conversion^

123%

2024: 97%

Adjusted net debt^

£126.0m

2024: £130.6m

OPERATIONAL HIGHLIGHTS.

- The Group's diverse product and geographic portfolio resulted in robust revenue and gross margin performances and further market share gains with many key vendors.
- Full year continuing revenue (page 29), at constant currency, was marginally down on 2024, with a return to growth in the second half of the year.
- Strong revenue and profit growth in UK&I due to market share gains and new vendors, despite challenging market conditions continuing. A robust performance in EMEA, with revenue growth in the region excluding Germany, which is expected to improve from 2026.
- Gross profit margins^^ remain at record levels of 17.7% (2024: 17.7%^^).
- Focus on productivity resulted in adjusted operating profit of £43.6m (2024: £48.9m), with 60% (2024: 54%) generated in the second half. Adjusted cash flow conversion of 123% (2024: 97%).
- Good progress with digital investments, including artificial intelligence ("AI") automation and digital platforms, which are expected to benefit productivity and growth from 2026.
- No M&A opportunities currently in late stages, but appetite for M&A remains in the medium term.

^ See page 98 of the Group financial statements for definitions of non-GAAP measures and pages 25 to 29 for the reconciliations of non-GAAP measures to statutory reported results.

^^ 2024 adjusted measures have been restated to exclude business exited in 2025: see note 2.

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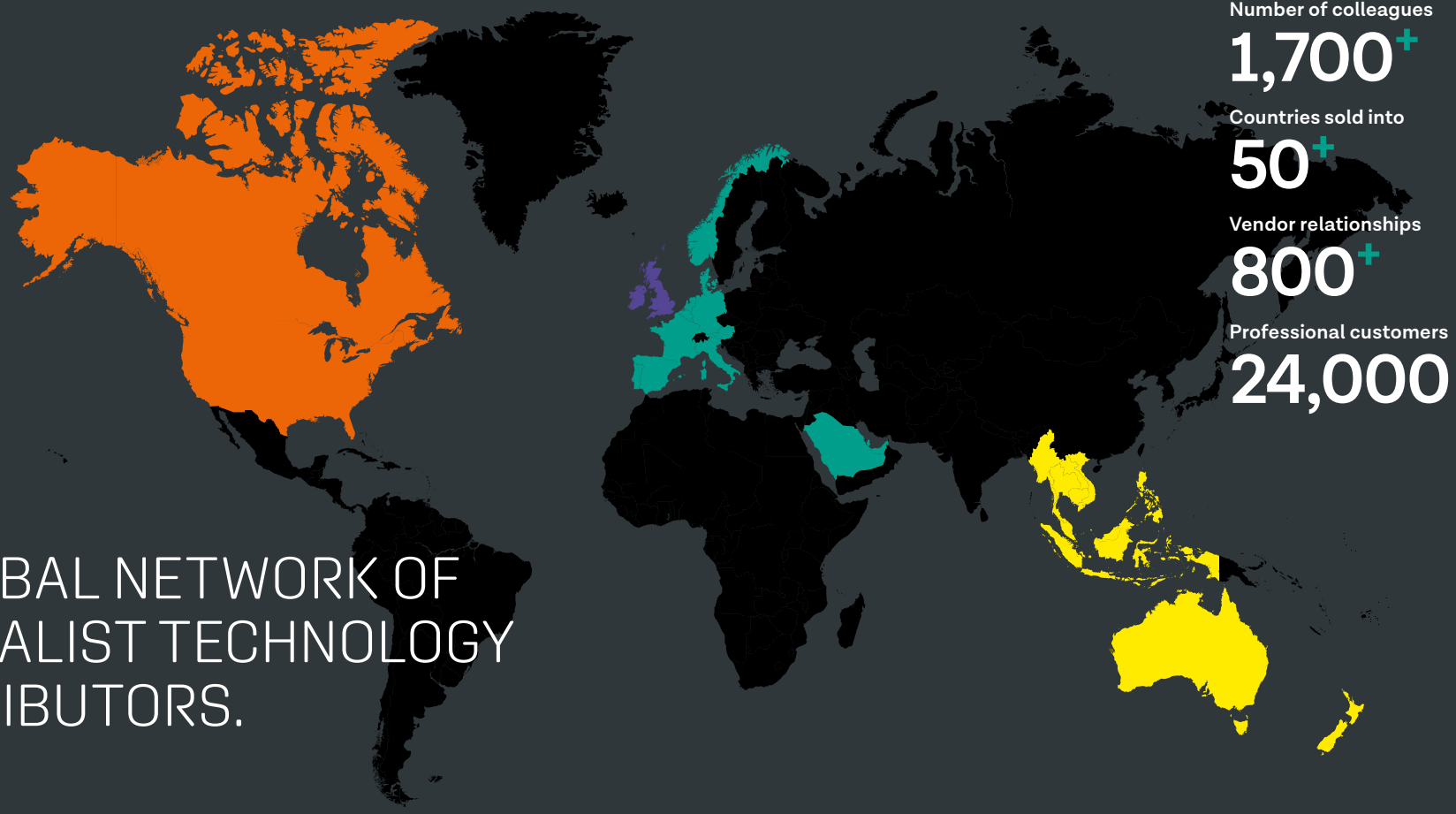
AT A GLANCE



Number of colleagues
1,700+

Countries sold into
50+

Vendor relationships
800+

Professional customers
24,000

A GLOBAL NETWORK OF SPECIALIST TECHNOLOGY DISTRIBUTORS.

North America
2025 revenue^
£201m

UK & Ireland
2025 revenue
£508m

Europe and Middle East
2025 revenue^
£518m

Asia Pacific
2025 revenue
£44m

^ Continuing business revenue.

TECHNOLOGY COVERAGE

Signal Management
Empowering partners to master the increasing complexity of connectivity, content and control, delivering seamless solutions from IPTV to advanced digital signage and image processing.

Professional Audio
Setting the standard for professional audio, supplying class-leading solutions for installed sound, live events and broadcast, trusted by industry leaders to deliver clarity and impact in every environment.

LED
Our LED portfolio leads the way in versatility and performance, enabling partners to create scalable, high brightness displays for any application without compromise.

Projection
Offering the industry's most comprehensive range of projectors and screens, including laser-sourced innovations, ensuring our partners can meet every need and budget with confidence.

Display
As businesses embrace digital transformation, our display solutions power the proliferation of screens across every sector, driving engagement with touch-enabled, commercial-grade technology.

Security
Staying ahead of evolving security demands, providing cutting-edge digital surveillance, remote access, and image quality solutions to protect homes and businesses worldwide.

Unified Communications ("UC")
Equipping the huddle rooms and meeting spaces with advanced video and audio technology for seamless collaboration with the inclusion of AI.

Lighting
Delivering spectacular, professional lighting and accessories for theatres, concerts and live productions trusted by creative professionals across the globe.

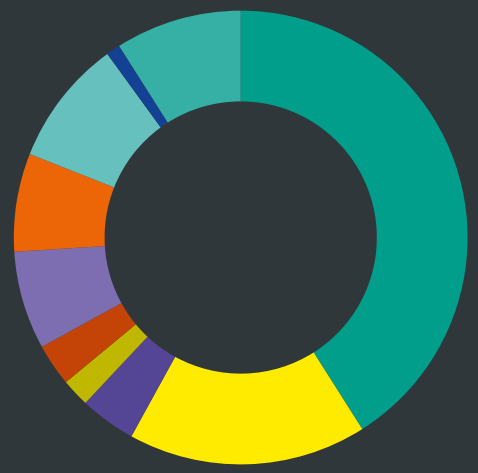
Broadcast
Enabling the future of broadcast, supplying professional equipment and solutions for live and recorded TV, video production, post-production, encoding and streaming.

Unmanned Aerial Vehicles ("UAV")
Advanced drone solutions that enhance safety, accelerate decision making and improve operational efficiency across public safety, surveying, construction, energy, utilities and infrastructure inspection.

WHO WE SERVE

Our customers are professional technology providers, system integrators, live events production companies, specialist resellers and global e-tailers that trust Midwich to deliver the latest, most reliable AV solutions. These experts design and deliver sophisticated audio visual experiences and they choose us for the specialist advice, technical expertise and value added services that help them to stand out in a rapidly evolving market.

Our end user markets:



Corporate	41%
Education	17%
Hospitality	4%
Travel	2%
Healthcare	3%
Broadcast/media	7%
Government	7%
Live venues and events	9%
Residential	1%
Retail	9%

Source: Midwich internal estimates

INVESTMENT CASE

Our investment proposition.

A market leading position with room to grow.

- We are the leading global specialist distributor of audio visual technology operating across the world's largest markets, and positioned to benefit from the global shift towards more immersive and experience-driven communication.
- The professional audio visual market is estimated to be worth over $300bn+ globally and is expected to grow by 3.9% per annum to 2030 (source: AVIXA IOTA 2025).
- Our current revenues represent less than 4% of our estimated target addressable market ("TAM").

Estimated share of TAM

4%

READ MORE P. 14

A clear strategy with solid foundations.

- Our strategic focus on 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

12%

READ MORE P. 20

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. 05

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. 73

Delivering record revenue and gross margin.

IN 2025

Revenue - continuing business

£1,271m

2024: £1,290m

Adjusted operating profit

£43.6m

2024: £48.9m

Gross margin - continuing business

17.7%

2024: 17.7%

Adjusted cash flow conversion

123%

2024: 97%

AND OVER THE LAST 5 YEARS

(CAGR 2020-2025)

Revenue growth

+12%

Adjusted operating profit (average)

+21%

Organic revenue growth (average)

+7%

Average adjusted cash flow conversion

88%

With an outlook for long-term growth.

Organic revenue.

- Structural market growth
- 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 AI and digital platforms
- Interest cost upside if rates fall

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** US **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.** US **Digital Media Promos Inc. ("76 Media")** US **Video Digital Soluciones S.L.** Spain **prodyTel Distribution GmbH** Germany
2024	**The Farm** US **Dry Hire Lighting Limited** UK **UK Fire & Safety Limited** UK **Direct Cable Systems Limited** UK
2025	No acquisitions were made

CHAIR'S STATEMENT

A return to revenue growth across the Group in the second half of the year with sustained record gross margins.

Andrew Herbert
Non-executive Chair

> **"The Board also approved a new digital strategy with a focus on agility, AI and digital solutions."**
>
> **Andrew Herbert**
> Non-executive Chair

Whilst wider AV market conditions remained subdued during 2025, Midwich's proactive focus on growth initiatives and the needs of its customers and vendors continued to support share gains in many key markets.

Across the Group, our teams have worked tirelessly to deliver a strong result in a tough market and position the business for future sustainable growth. I was pleased to see this activity delivering positive outcomes, with a return to revenue growth across the Group in the second half of the year, gross margins sustained at a record level and an exceptionally strong performance in the UK & Ireland.

Over the last 20 years, the $300bn+ global Pro AV market has consistently grown above GDP as a result of digitalisation, product innovation and the associated changes in the way people learn, work and socialise.

In the last two years, the pressures of macroeconomic slowdowns and market uncertainty, and the impact of election cycles, higher taxes, higher interest rates and inflation, have moderated demand for mainstream AV products. The Group has responded to this by focusing on value added technical solutions and faster growing territories and, as a result, achieved both gross margin improvements and further market share gains in many of its markets.

Midwich's industry-leading position, the diversity of geographies we sell into and the breadth of technical solutions we offer, enable the Group to respond to market changes quickly and at scale. For example, having started distributing commercial drones in late 2024, the Group is now one of the leading distributors in Europe in the category.

The Group's relevance, resilience and service mindset enabled delivery of a strong financial performance in the year, with revenue from continuing activities returning to growth in the second half of 2025 and only marginally below 2024 for the full year, at constant exchange rates.

The Group's purpose is to enable success together; it does this by generating added value for its customer and vendor partners. One of the best measures of this added value is the Group's gross margin, and I was pleased to see that it maintained the prior year record gross margin in 2025.

The Group has also worked hard this year to improve productivity and position itself to return to operating profit growth. During the year, the Board supported decisions to deliver further targeted cost savings, notably in Europe and North America, and exit small loss-making businesses.

The Board also approved a new digital strategy with a focus on agility, AI and digital solutions. This approach is expected to deliver new customer solutions, such as software distribution, a global e-commerce platform and AI driven process automation and productivity tools, which will allow Midwich to offer further value added solutions to its stakeholders in a scalable way whilst differentiating itself from competitors.

Revenue
£1.3bn

Gross margin
17.7%

Adjusted operating profit
£43.6m

As a result, the Board also took the difficult decision to move away from deploying a single global ERP solution. A comprehensive review of the ongoing deployment and future cost and benefits concluded that the ERP programme rollout should be paused with only one country fully live, and priority placed instead on development of bespoke digital tools that are focused on realising commensurate benefits more quickly at lower cost and with lower deployment risk. This resulted in a material impairment of the ERP intangible asset but will reduce ongoing capital investment while accelerating benefits.

Despite a tight focus on cost control, the small reduction in revenue in the year resulted in adjusted operating profit reducing to £43.6m (2024: £48.9m).

The Board notes the scale of the exceptional restructuring charges during the year, including the ERP impairment (£27.0m). However, we believe that, collectively, these actions, together with the investment in digital solutions, will improve productivity and form the foundation for the next phase of the Group's strategic growth plans.

The Group has a successful long-term track record and has achieved compound annual growth in revenue and adjusted operating profit over the last five years of 12% and 21%, respectively. We remain focused on continuing this strong performance record, tuning actions and priorities as the business environment changes.

Whilst there have been no material improvements in the macroeconomic backdrop or the Pro AV market at the start of 2026, the Board expects that the actions taken by the Group will support a return to profit growth in 2026.

Over the coming years, the Board believes that the structural increase in the use of digital solutions will see robust demand for Pro AV, with Midwich a provider of choice for its customer base. The Pro AV market is expected to grow faster than overall GDP for the next five years and the Group is well placed to benefit from this.

Despite the Group's significant revenue its market share represents less than 4% of its estimated target addressable market. The Group continues to have ambitious growth plans and will continue to execute its strategy to deliver on this sizable market opportunity.

Looking to the future, the Group remains well placed to benefit from its global scale and investments to deliver positive operating leverage and net margin improvements, especially as demand across all markets returns to normal levels.

Whilst acquisitions remain a core element of the Group's strategic growth plans, no new transactions were completed in the year. The Board prioritised organic productivity and efficiency improvement activity but continues to believe that targeted M&A can add new capabilities or geographic reach 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 positions us well to achieve this. The medium-term acquisition pipeline remains healthy, and the management team continues to review attractive opportunities.

> **"Midwich Group's industry-leading position and the diversity of geographies and technical solutions enable the Group to respond to market changes quickly and at scale."**
>
> **Andrew Herbert**
> Non-executive Chair

Dividend

The Board maintains a disciplined approach to capital allocation and continues to balance short-term return to shareholders with growth and investment opportunities that drive best long-term returns for the business. During the year the Board took the decision to recalibrate dividend payments, reflecting a c.25% payout ratio of adjusted EPS, to support the balance sheet and better direct capital towards growth opportunities.

The Board is pleased to recommend a final dividend of 3.5p per share, which, if approved by shareholders at the AGM, will be paid on 3 July 2026 to shareholders on the register on 22 May 2026. The last day to elect for dividend reinvestment ("DRIP") is 12 June 2026.

Coupled with the interim dividend of 1.75p per share, this represents a total dividend for the year of 5.25p per share (2024: 13.0p). The combined value of the interim and proposed final dividends is covered four times by adjusted earnings (2024: two times).

CHAIR'S STATEMENT continued

Dividend continued

Whilst the revised payout ratio provides a sustainable framework, and allows the Board to prioritise growth and reinvestment opportunities, we expect to continue to allocate any excess capital to shareholder returns via dividends or share buybacks, as appropriate. The Board understands the importance of dividends for many of our investors, but 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.

> **"Over the medium term the Board continues to support a progressive dividend policy to reflect the Group's planned growth and cash generation."**
>
> **Andrew Herbert**
> Non-executive Chair

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 eleven times during the year and received regular updates from senior leadership.

Whilst the Group has operated in a challenging market over the last few years, it has adapted quickly and decisively to address near term cost challenges whilst continuing to develop opportunities for future growth. Given the Group's ambitious future growth strategy, the Board has supported the Executive management over the last year to refine its leadership structure to deliver success.

The Board believes that Stephen Fenby's ongoing commitment to leading the Group will ensure the business continues to out perform its competitors. We are also supporting Stephen to develop a long-term succession plan, ensuring that the Group has the right depth of talent to achieve growth in value.

After over seven years as Chief Finance Officer, Stephen Lamb informed the Board of his desire to take up another role from 2026. Stephen has made an invaluable contribution to the Group during his tenure and I want to thank him for his commitment and support over a period in which the Group more than doubled in size and significantly increased its international presence. On behalf of the Board and the wider business, I wish Stephen all the best with his new role.

I am delighted to welcome Adam Councell as Group CFO. Adam joined the Board on 2 March 2026 and brings a wealth of business services experience, most recently with Marlowe plc.

In line with the Board's succession planning, and the evolving governance environment, Mike Ashley will retire from the Board in May 2026, ahead of the AGM. Mike has been an active and supportive Non-executive Director since the Group's IPO. His knowledge and experience, especially in the areas of customer and vendor engagement and operational excellence, have been valuable in supporting the Group's growth plans. I'd like to thank Mike for his service on behalf of the Board and the Group's wider stakeholders.

A search is underway and, at time of writing, I anticipate at least one additional independent Non-executive Director will be appointed before the AGM with skills and experience appropriate to support the Group's ongoing development and growth. Hilary Wright will succeed Mike Ashley as Chair of the Remuneration Committee from May 2026.

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 my role has commenced, with a view to my standing down in due course once a suitable replacement is found.

I am also delighted to welcome Lauren Hall to the position of Company Secretary. Lauren joined the Group from PwC and was appointed to the role of Company Secretary from February 2026.

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 an evaluation exercise during 2025, 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. It has also reviewed the Board succession plans. There were no major issues or concerns raised about the effectiveness of the Board or its individual members. The issue of tenure is being addressed and the balance of independent Directors is deemed to remain appropriate at this stage of the Group's development.

The Group continues to apply the QCA Code as its governance framework and has assessed compliance with the QCA Code (November 2023). The Board has concluded that the Group's approach to governance is aligned to the requirements of the QCA Code. Further details with respect to Group compliance can be found on page 61.

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.

Sustainability

The Board continues to take a lead in social responsibility. Having introduced Scope 3 reporting last year, we made further progress against our sustainability goals in 2025.

This year we have continued to enhance our approach to environmental matters. For example, in the UK we have invested in renewable energy solutions and were a key partner in AV Magazine's first Sustainability Summit. The Group is also undertaking Group-wide validation of science-based carbon targets and approved targets will be published from 2026. This is in addition to reporting on our environment-related governance, risk management, scenario analysis and carbon reporting (see pages 43 to 49).

The Group has a broad international footprint with a significant proportion of its revenue coming from outside the UK & 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 its 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, has raised £325,000 over the last five years.

> **"In 2025, our teams demonstrated their energy and resilience and continued to face up to challenging market conditions with commitment and determination."**
>
> **Andrew Herbert**
> Non-executive Chair

People

The success of any company is down to the quality of its leadership and its people. In 2025, our teams demonstrated their energy and resilience and continued to face up to challenging market conditions with commitment and determination. The Group's 2025 people survey showed high levels of engagement across the Group and I continue to believe that we have the best teams in the industry. Once again, they delivered exceptional service to customers, vendors 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 relevance and value add of the Midwich offer.

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.

We monitor and review pay and benefits across the Group with a focus on the total value of the overall reward package. The Board expressed concern with respect to retaining key talent during the year, noting low levels of variable pay in recent years due to the challenging AV market. The Board considered this and, upon recommendation from the Remuneration Committee, approved a one-off LTIP retention award to key staff at one third of the original 2023 award. This award vests in March 2026.

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

CHIEF EXECUTIVE'S REVIEW

Robust performance in a challenging market.

Stephen Fenby
Chief Executive

"Against a backdrop of challenging macroeconomic and industry conditions, we determined that 2025 was a year focused on driving efficiencies and continuing to strengthen our market positioning.

New business lines and vendor relationships combined with reshaping the business and tight cost control have put us in a strong position for 2026 and beyond."

Stephen Fenby
Chief Executive

Against a backdrop of challenging macroeconomic and industry conditions, we determined that 2025 was a year focused on driving efficiencies and continuing to strengthen our market positioning. Our assumptions on the market proved to be largely accurate, with demand continuing to be suppressed, particularly in the education and corporate sectors.

Our team has worked hard to challenge our business models and look for areas of improvement. New AI and system tools have started to enable us to improve the efficiency of the business and broaden our market reach. We have focused also on broadening our portfolio with new technologies and vendors, and of course driving growth for our vendor partners. We have looked at markets where we have underperformed recently in order to assess the viability of these within our business model. As a result of this, we took the decision to close our Swiss business, and also a small unit in the North American business.

Continued price erosion in display and projection products was a large factor in the decline of 9% (around £40m) in revenues in the mainstream product category. Revenue in the legacy document solutions business halved to £9m. Balanced against these were growth in most of our technical products categories, and a very strong contribution from the drones business we commenced in 2024.

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

The comments below are in respect of the adjusted results of the continuing business, which excludes the performance of the exited Swiss and small North American businesses.

Group revenue of £1.27bn was marginally below 2024 (by 1.5%), with gross margins flat at 17.7%^.

Revenue growth in the UK&I and APAC regions was broadly balanced by declines in EMEA and North America. The decline in EMEA was due entirely to a significant fall in the German business, with the North American decline being due mainly to the loss of a key vendor in Canada and also tariff related headwinds in the US.

Gross margins increased in the UK&I but declined in North America as a result of the major vendor loss. Overheads were flat on an organic basis, reflecting investments in productivity and cost control measures undertaken in the year. Group headcount fell from over 1,900 to around 1,750 across the year.

Adjusted operating profit fell by £5.3m to £43.6m, with adjusted profit before tax being £8.6m lower at £30.5m.

The UK&I was the strongest performing region in the year, with an adjusted operating profit increase of 30% reflecting cost control and leverage upside.

^ Continuing business basis.

^^ Source: AVIXA.

Group revenue^ declined by 2.4% in the first half of the year compared with growth of 0.8% in the second half. Although a small improvement, we were encouraged by this trend.

Disciplined working capital management contributed to strong operating cash generation, with adjusted cash flow from operations at 123% of adjusted EBITDA, ahead of our long-term average of c.80%.

We ended the year with an adjusted net debt to adjusted EBITDA ratio of 2.17x (2024: 2.0x), which was in line with Board and market expectations.

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.

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 2025 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.

We commenced a major ERP implementation programme a number of years ago. Following a reassessment of the cost/benefit of this programme, we decided to halt further development in 2025 and write off the cost of the investment to date to a value of £2.5m. Simultaneously, we established that new tools are now available, which should enable us to achieve the goals of the original programme but much quicker, cheaper and with less downside risk. These tools include the significant use of AI technology and should also facilitate the more efficient operation of the business, enabling us to expand our commercial reach.

M&A has been a significant part of our strategy for the last 20 years. We were particularly active in this respect in 2023 and 2024. The subsequent slowdown in the market has meant that it has been difficult to get the expected short-term return from some of these investments. However, I am confident that we acquired strong, often market leading businesses that will prove to be good investments in the future.

I am hopeful that during the course of 2026 we will be able to resume our M&A programme.

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.

CHIEF EXECUTIVE'S REVIEW continued

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 2025. 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. After two years of challenging market conditions, we have a working assumption that there will be little improvement in 2026. However, the work we started in 2024 and 2025 gives me a greater confidence in our performance in 2026 and beyond. I believe the Group is also well positioned to take advantage of an upturn in demand.

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

Finally, I would like to thank Stephen Lamb, our previous CFO, who left the business recently, and welcome his replacement, Adam Councell.

CASE STUDY

"Our specialist expertise and technical investment have positioned us as a leading provider in the rapidly expanding drone market."

Building a profitable and scalable B2B drone business through expertise and execution.

We entered the B2B drone market in July 2024 with DJI solutions and built a scalable, technically robust proposition throughout 2025.

Our focus spans high value applications across public safety and blue light services, geospatial surveying, construction, energy and utilities, infrastructure inspection, rail (e.g., track surveys), and environmental monitoring.

Impactful use cases from thermal assisted search and rescue missions to wildlife surveys demonstrate how drones improve safety, efficiency and decision making.

Demand accelerated in 2025 as AI-enabled automation and data insights developed. To support this growth we invested in specialist account managers and established a dedicated technical function, including two solutions engineers who deliver hands-on training, compliance support, run Drone & Coffee webinars, and real-world troubleshooting. Resellers now benefit from demonstration stock, vertical expertise and deeper account engagement.

Market visibility and demand increased through our presence at Digital Construction Week (June) and the Emergency Services Show (September), generating high quality demand across the channel. Early 2025 saw a successful launch in Benelux, further validating our ability to scale.

Regulatory developments, including expansion of beyond visual line-of-sight permissions, continue to widen viable applications, with market growth is forecast at 40% from 2025 to 2026.

Initiatives such as the NPCC's exploration of drones as first responders (city-sight operations identifying priority incidents), further strengthens our position to guide partners and customers as adoption accelerates globally.

Q&A.

A conversation with Stephen Fenby.

Q. We are hearing a lot about growing chip shortages. Do you think this could impact the business?

A. Most of the products we sell contain complex electrics, and most of them contain chipsets. We have started to hear from many of our manufacturers that the cost of chips is increasing, sometimes significantly. There are a number of potential impacts of this on our business. Firstly, as the cost of components increases we may see the price of finished products increasing. We have seen this starting to happen already. Secondly, if chip shortages continue we might see product shortages. This has happened in the past. This could impact on our ability to source sufficient product, although as a major product distributor I believe we would be well placed to obtain priority in our purchasing. Finally, potential price rises or product shortages could lead some customers to place orders early in order to gain access to the products they need. We have not seen this to any material extent yet.

Q. We have heard about commoditisation and price erosion in mainstream product categories. How long can these continue for?

A. Clearly the price of products cannot reduce forever as ultimately it would be unviable for manufacturers to continue. We have seen evidence recently of manufacturers recognising this position and starting to realign their pricing structures. The impact of chip shortages and pricing may accelerate this trend. Pricing needs to be at a position whereby manufacturers, distributors and our customers can generate sufficient return.

Q. When do you expect to be able to return to M&A activity and where are you considering for your next move?

A. Our focus in 2025 was to maximise the financial strength of the business and position ourselves for the future. With a large number of acquisitions in 2023 and 2024 we have been kept busy with integration and business development. I hope that we will be able to return to a modest level of M&A activity in 2026. We have in mind a few strategic geographical regions and also some important technology infills.

> **"We have already been seeing the benefits of some significant technology developments in the business and I believe these will accelerate in the future."**
>
> **Stephen Fenby**
> Chief Executive

Q. What do you have planned for 2026?

A. Believe that we need to continue the positive momentum we built during 2025. This means ensuring we are given all customers the best service we can, and as a result winning as much business as we are able to. In addition, we will continue to grow our vendors' business and look for new vendors and new market opportunities – but all still within the audio visual market. We have already been seeing the benefits of some significant technology developments in the business and I believe these will accelerate in the future. These should bring opportunities to serve our customers better and for our teams to be able to devote more of their time to value add services.

Q. There seems to have been a lot of senior management changes in the Group in the last two years. What are the implications of this for the business?

A. As a business we have a very stable and experience senior management team. For example, on the Group Management Team we have over 140 years' of experience in the AV industry. However, from time to time we do see people retiring or moving onto new roles. This gives us the opportunity to either promote from within the Group, or bring in new team members with new ideas.
I have been delighted with our new senior management recruits in the last year and wish them all the best for their careers with us.

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, and security cameras and control centres ensuring we stay safe, to speakers keeping us dancing, its applications are almost limitless.

Industry data indicates that the global Pro AV market was $300bn+ in 2025. The market is forecast to grow at 3.9% over the five years to 2030 (source: AVIXA 2025).

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 2025, the Group represents less than 1% of the global market and less than 4% of our target addressable market (source: Midwich Group assessment).

> **"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."**

Link to strategy

- Specialisation
- Geographical coverage
- Scale

TAKING TECHNOLOGY FURTHER

Growing use of AV products and technology.

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 touchscreens 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 specialists, serving only the professional market and specialising in the broad range of AV equipment solutions.

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 our organic growth with selective acquisitions, which provide us with access to new products, sectors and geographical markets. While M&A remains an important part of our growth toolkit, our approach is disciplined, focused on opportunities that enhance our offering and create meaningful long-term value for the Group.

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 turn key systems.

We continue to invest in our training facilities, which we use to educate our customers in specific technologies and market development opportunities.

Link to strategy

OUR MARKETS continued

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

CORPORATE

The corporate market includes offices, meeting rooms, collaboration spaces and reception areas where AV technology continues to play a critical role in improving operational efficiency and communication. With workplace patterns now stabilised, many organisations are reinvesting in office environments that enable higher quality interactions and stronger team engagement.

Demand is increasing for advanced video and audio-conferencing solutions, supported by a wider adoption of broadcast, content creation and unified communications technologies. These tools help organisations enhance collaboration, reduce unnecessary travel and maintain high standards of communication across distributed teams.

Looking ahead, investment is being driven by the growing integration of AI-enabled capabilities, including intelligent meeting automation, real-time content enhancement and data-driven workspace optimisation. With a comprehensive product portfolio and strong expertise in unified communications, we are well positioned to support the evolving needs of the modern corporate workplace.

Link to strategy

EDUCATION

The education market, spanning from primary schools to higher education, remains one of our most important sectors across the UK, Germany, France and North America. Our long-standing presence has built strong vendor partnerships and deep customer relationships, supported by our specialist in-house expertise.

Although many institutions continue to prioritise essential building maintenance and face tighter spending constraints, investment in technology that improves teaching quality, accessibility and operational efficiency remains a clear priority. Educators are increasingly focused on solutions that deliver long-term value and support evolving learning models.

Growth continues in interactive displays, collaboration tools and technologies that enhance blended and remote learning. Our expanding unified communications and broadcast portfolio strengthens our ability to support these shifting needs. Looking ahead, opportunities are emerging in AI-enabled learning tools, intelligent classroom management and data-informed teaching environments. We are well positioned to help institutions modernise sustainably and deliver engaging, future-ready learning experiences.

Link to strategy

RETAIL

The retail market spans a broad spectrum of environments, from quick-service restaurants using touchscreen ordering and dynamic digital menus to premium flagship stores utilising high-impact LED displays that create immersive brand experiences. As consumer expectations rise, retailers are increasingly relying on partners to help develop seamless technology-enhanced interactions to differentiate their spaces and that's where we come in.

As customer behaviour continues to shift, high quality AV plays a central role in enhancing atmosphere, streamlining information delivery and driving engagement. We help retailers with their experiential environments as they become essential for them to compete for attention. Immersive digital signage with gesture, motion and voice-activated interfaces and interactive displays influences how customers navigate and connect with physical spaces. With store-based retail maintaining a dominant market share and continuing to grow across key regions, our technology-rich AV solutions play a critical role in helping retailers drive engagement, loyalty and long-term value.

Link to strategy

LIVE

The live market covers a broad spectrum of events, from music festivals to theatres to large-scale stadiums and arenas. Continued growth in the experiential economy has made this 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, which are typically production companies or specialist venue installers.

Link to strategy

Other end user market segments remain smaller but retain distinct product and support needs, which we serve through our range of specialist expertise. In 2025, a new business area focused on unmanned aerial vehicles ("UAV"s), mainly professional B2B drones, took off (see case study on page 12). At the same time, sectors such as live events, experiential retail and hospitality increasingly invested in AV solutions to elevate customer experiences. This growth highlights how our flexible business model allows us to quickly adapt to shifts in end user market demand.

BUSINESS MODEL

A BUSINESS MODEL FOR SUCCESS.

We have a global presence.

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

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
We operate as the sole or largest in-country distributor for many of our 800+ vendors.

Stronger relationships with a broad range of focused AV customers
Experience centres, demonstration facilities and training facilities help develop customer knowledge and support their end user sales activities.

Successfully acquire, integrate and grow businesses
Over 15 years of M&A experience and a skilled internal team have driven successful acquisitions.

Depth of up-to-date market knowledge
Our scale allows us to track market shifts, while strong internal collaboration shares insights across the Group.

Financial strength
Our strong balance sheet, robust bank facilities and supportive shareholders enable us to seize opportunities, from acquisitions to infrastructure investment and working capital funding.

Our value chain.

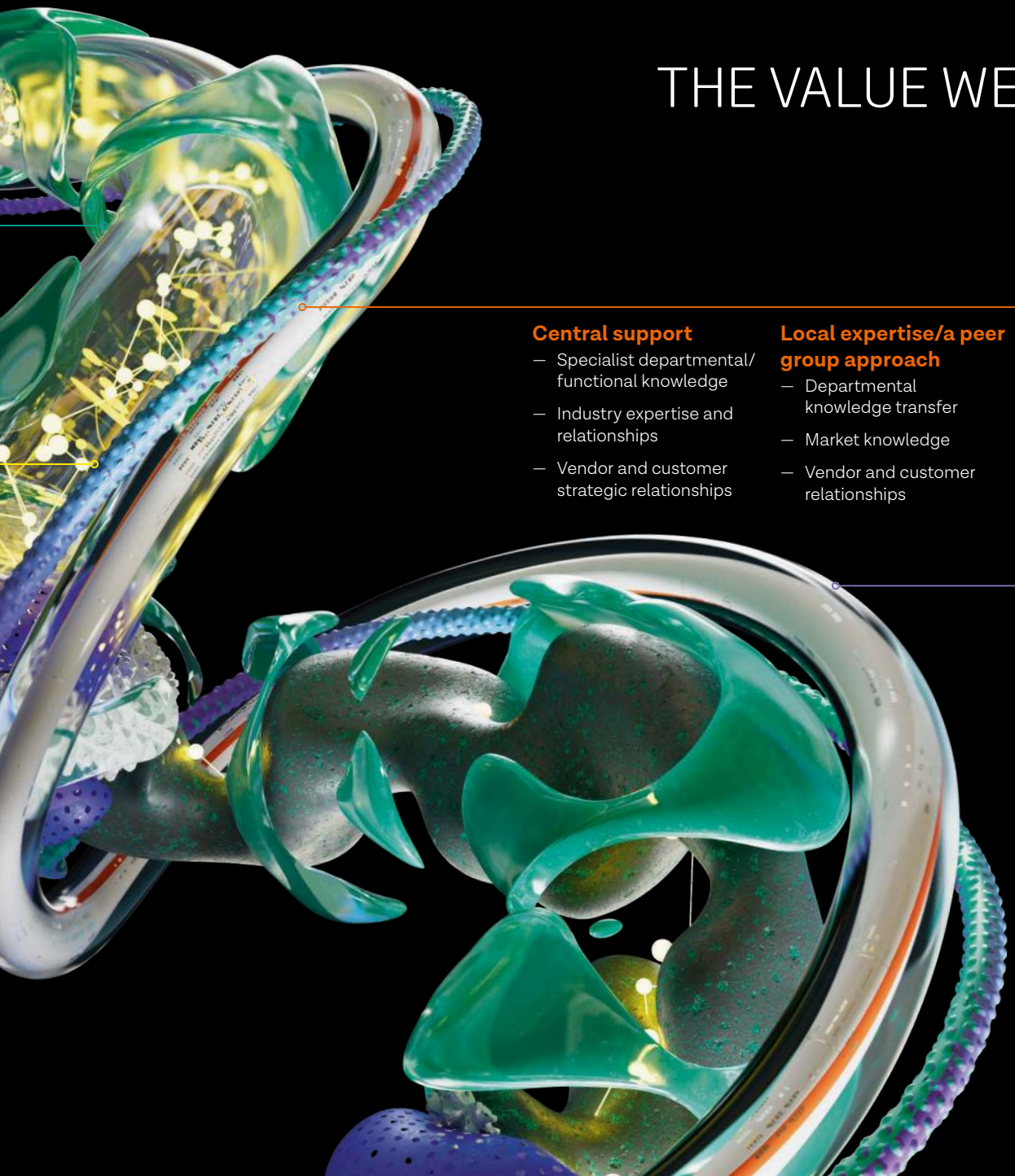
Manufacturer
From global leaders to innovative start-ups, our manufacturer partners design, create and produce technology equipment.

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.

Professional market
Our customers are professional technology providers, including system integrators, live event producers, specialist resellers and global e-tailers, that design and install cutting-edge AV 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.

OUR INPUTS.



THE VALUE WE CREATE.

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

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

1,700+
Employees worldwide

Shareholders

11.2%
Adjusted return on capital employed (page 28)

OUR STRATEGY

Continue to strengthen our position as the leading global specialist AV distribution partner of choice.

Our mission

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

We are ambitious and have a clear goal to take technology further, with organic growth driven by delivering high value, world-class tailored solutions and experiences.

READ MORE ABOUT OUR STRATEGY P. 21

Our three strategic focus areas

> **We are building a network of high-quality, complementary businesses that work together to achieve sustainable organic growth."**
>
> **Stephen Fenby**
> Chief Executive

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 2025

- Development of suite of AI Apps delivering efficiencies through our commercial and support functions.
- Implementation of restructuring plans set out in 2024.
- Launch of new e-commerce platform in first businesses.

Priorities for 2026

- Further rollout of e-commerce platform and software platform to the wider Group.
- Continue to enhance productivity through targeted AI and technology investments.

Links to KPIs

1 2 3 4

READ MORE P.22

Links to risks

A B C D E F

READ MORE P.52

GEOGRAPHICAL COVERAGE.

Overview

- The global market for audio visual technologies is worth an estimated $325bn and is forecast to grow at 3.9% CAGR to 2030 (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 2025

- Organic expansion into Malaysia and Indonesia through new entities to support local customers.

Priorities for 2026

- Organic expansion into a small number of target geographies.
- Continue to search for a select number of acquisition opportunities in target geographies.
- Growth in global customer accounts.

Links to KPIs

1 2 3 4

READ MORE P.22

Links to risks

A B C D E F

READ MORE P.52

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 and 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 2025

- Expansion and roll out of our dedicated professional services programme Midwich Plus+ across our Group network.

Priorities for 2026

- Continued focus on technical product categories.
- Continued expansion of our professional services programme to add further value.

Links to KPIs

1 2 3 4

READ MORE P.22

Links to risks

A B C D E F

READ MORE P.52

KEY PERFORMANCE INDICATORS

Record gross margin reflects our strategic focus on value add.

Andrew Herbert
Non-executive Chair

"In 2025, the Group maintained the record gross margin^ achieved in 2024 demonstrating the Group's continued added value, while the long-term trend reflects further progress towards increased specialisation."

Andrew Herbert
Non-executive Chair

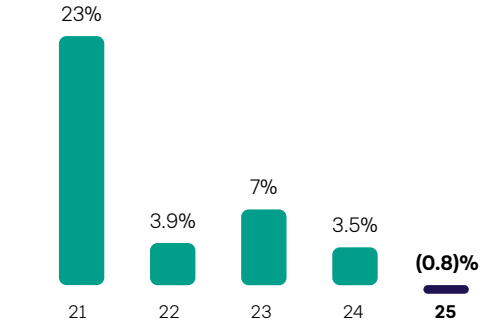
Progress to target

- A Achieved
- O On track
- N Not started

1

Revenue growth

(0.8)%



Change in total/continuing revenue vs prior year at constant currency

Why we use this measure

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

Performance

The Group broadly maintained revenue in 2025, a strong performance in a subdued global AV market, and we believe we out performed our competitors in our major regions (at constant currency).

Target

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

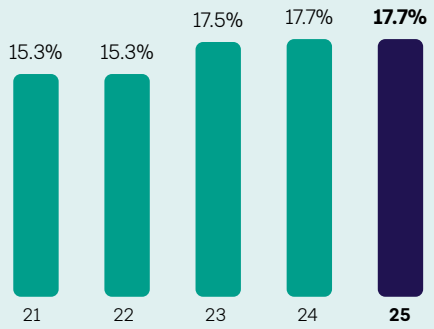
A

^ On a continuing business basis.

2

Gross margin

17.7%



Gross profit as a percentage of revenue

Note: Continuing business for 2024 and 2025. 2023 restated per prior year annual report.

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 2025, the Group maintained the record gross margin achieved in 2024 demonstrating the Group's continued added value, while the long-term trend reflects further progress towards increased specialisation.

Target

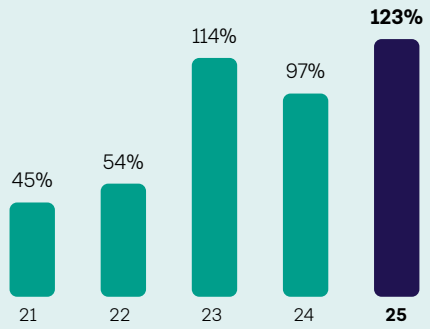
Maintain or increase gross margin each year.

A

3

Adjusted cash flow conversion

123%



Adjusted operating cash flow as a percentage of adjusted EBITDA

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 2025 resulted in an exceptional 123% cash flow conversion which was well in excess of our target. The average cash flow conversion over five years to 2025 was 87%.

Target

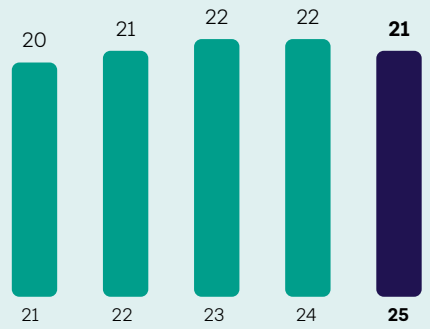
70%-80% of adjusted EBITDA.

A

4

Countries with a presence

21



The number of countries in which the Group has operations

Why we use this measure

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

Performance

In 2025, the Group took the decision to exit the small and high cost market of Switzerland. This decision supports future growth in more profitable territories. The Group has a presence in all the major global AV regions.

Target

Entry into at least one new geographical market per annum.

O

FINANCIAL REVIEW

Investing to position the Group for the future.

Stephen Lamb
Chief Financial Officer
Resigned: 27 February 2026

"The outcome of these activities was a return to revenue growth in the second half, on-boarding new vendors, improvements in productivity and the launch of new commercial initiatives towards the end of the year."

Stephen Lamb
Chief Financial Officer

Against a challenging market backdrop the Group delivered £1.3bn in revenue (2024: £1.3bn) and a return to growth in the second half of the year.

Although macroeconomic headwinds continued to impact demand for our mainstream products, the Group has acted to position itself for future growth. The Group's focus in 2025 included a strong focus on customer service, high levels of engagement with both new and existing vendor partners, targeted restructuring activity and investment in areas to support future growth. The outcome of these activities was a return to revenue growth in the second half, on-boarding new vendors, improvements in productivity and the launch of new commercial initiatives towards the end of the year. Together these position the Group well as we look forward to 2026 and beyond.

Given the ongoing tough market conditions, the Group was pleased to deliver revenue broadly in line with the prior year together with maintaining a gross margin of 17.7% (2024: 17.8%). On a continuing business basis, gross margins were maintained at 17.7% across both years.

Statutory operating loss was £14.9m (2024: £24.1m profit) reflecting the impact of exceptional items, whilst adjusted operating profit of £43.6m (2024: £48.9m) included a strong second half performance.

Selling and distribution costs were broadly in line with 2024 reflecting the overall revenue trend, while administrative overheads increased during the year, primarily due to the one-off "exceptional" items noted below and a return to normal levels of share based payments.

Continuing revenue

£1.3bn

2024: £1.3bn

Operating loss (statutory)

£(14.9)m

2024: £24.1m (profit)

Adjusted operating profit

£43.6m

2024: £48.9m

The Group took the decision to exit two small loss-making businesses at the end of 2025. Together these represented less than 2% of Group revenue. These businesses have been excluded from the adjusted performance measures presented to reflect continuing activities.

Exceptional costs in the year included restructuring costs, a significant write down of the Group's ERP investment, costs related to exited businesses and the initial insurance proceeds in the UAE following the warehouse fire in late 2024.

Statutory financial highlights

	Year to 31 December 2025 £m	Year to 31 December 2024 £m	Total growth %
Revenue	**1,291.8**	1,317.0	(1.9%)
Gross profit	**228.0**	234.3	(2.7%)
Operating (loss)/profit	**(14.9)**	24.1	(162%)
(Loss)/profit before tax	**(30.5)**	22.3	(237%)
(Loss)/profit after tax	**(22.6)**	17.0	(233%)
Basic EPS – pence	**(21.92p)**	15.69p	(240%)

Adjusted financial highlights[1]

	Year to 31 December 2025 £m	Year to 31 December 2024 (Restated[2]) £m	Total growth %	Growth at constant currency %
Revenue - continuing	**1,270.8**	1,289.5	(1.5%)	(0.8%)
Gross profit	**225.2**	228.8	(1.6%)	(0.7%)
Gross profit margin %	**17.7%**	17.7%		
Adjusted operating profit	**43.6**	48.9	(10.7%)	(12.0%)
Adjusted operating profit margin %	**3.4%**	3.8%		
Adjusted profit before tax	**30.5**	39.1	(22.1%)	(21.3%)
Adjusted profit after tax	**23.0**	28.9	(20.4%)	
Adjusted EPS – pence	**22.37p**	26.96p	(17.0%)	

Strong operating cash generation underpinned the resilient trading performance, with adjusted cash flow conversion at 123% (2024: 97%).

Adjusted net debt reduced to £126.0m at 31 December 2025 (2024: £130.6m), with strong cash management offsetting restructuring costs and the payment of deferred consideration.

Currency headwinds reduced both Group revenue and adjusted operating profit in the year by 0.6%. The currency movements in the prior year had a negative impact of 1.8% and 1.6% on these metrics.

Organic revenue declined by 1.4% (2024: 1.4%) as a result of weaker mainstream product demand in Germany and vendor changes in North America, which were largely offset by growth in the UK&I, the rest of EMEA and technical product sales.

Adjusted EPS at 22.37p in 2025 (2024: 26.96p) reflected the change in adjusted operating profit with interest charges, tax rates and the number of shares broadly consistent with the prior year.

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

Regional highlights

	Year to 31 December 2025 £m	Year to 31 December 2024 (Restated[2]) £m	Total growth %	Growth at constant currency %	Organic growth %
Revenue					
UK & Ireland	**508.3**	476.4	6.7%	6.6%	4.9%
EMEA	**517.5**	546.5	(5.3%)	(5.5%)	(5.5%)
Asia Pacific	**44.0**	45.9	(4.2%)	1.4%	1.4%
North America	**201.0**	220.7	(8.9%)	(5.3%)	(5.3%)
Total global – continuing	**1,270.8**	1,289.5	(1.5%)	(0.8%)	(1.4%)
Exited	**21.0**	27.5			
Total global	**1,291.8**	1,317.0			
Gross profit margin					
UK & Ireland	**18.6%**	18.0%	0.6pp		
EMEA	**17.1%**	17.0%	0.1pp		
Asia Pacific	**16.6%**	16.4%	0.2pp		
North America	**17.5%**	19.3%	(1.8pp)		
Total global – continuing	**17.7%**	17.7%	–		
Exited	**13.6%**	20.1%			
Total global	**17.7%**	17.8%			
Adjusted operating profit[1]					
UK & Ireland	**25.7**	19.7	30.1%	30.0%	
EMEA	**19.9**	25.2	(21.0%)	(20.2%)	
Asia Pacific	**(0.6)**	(0.8)	25.9%	22.8%	
North America	**5.1**	9.5	(45.8%)	(43.8%)	
Group costs	**(6.5)**	(4.7)			
Total global	**43.6**	48.9	(10.7%)	(10.1%)	
Share of profit from associate	**–**	0.1			
Adjusted net finance costs	**(13.1)**	(9.9)			
Adjusted profit before tax[1]	**30.5**	39.1	(22.1%)	(21.3%)	

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

2 Restated to reflect continuing activities, see note 2 for further details.

FINANCIAL REVIEW continued

Regional highlights continued

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

UK & Ireland

Whilst market demand continued to be subdued in this region, we saw a return to strong growth in the year. This reflected a proactive focus on increasing customer share of wallet, on-boarding new vendors and supporting our existing manufacturer partners to increase market share.

Gross margin increased to 18.6% (2024: 18.0%) reflecting a favourable product sales mix.

Revenue growth and disciplined cost management resulted in adjusted operating profit increasing strongly to £25.7m (2024: £19.7m).

EMEA

The EMEA segment revenue was impacted by a tough German market in the year, which saw reduced demand for both corporate and education solutions.

Excluding Germany, the remainder of EMEA saw growth of 9.7% driven by strong demand for technical products in the Middle East and Southern Europe and new vendor launches in the Netherlands.

The stronger, higher margin, technical sales improved gross margin to 17.1% (2024: 17.0%). The region produced an adjusted operating profit of £19.9m (2024: £25.2m).

Asia Pacific

The Asia Pacific segment, which is mainly Australia, continues to see a high level of competition in a subdued market.

Excluding currency headwinds, revenue increased by 1.4% to £44.0m (2024: -1.3% to £45.9m), generating gross profit of £7.3m (2024: £7.5m) at a gross profit margin of 16.6% (2024: 16.4%).

Adjusted operating losses improved to £0.6m (2024: £0.8m).

Following leadership changes in the year, Australia and New Zealand will be folded into the UK&I region from 2026, whilst the small South East Asia business will become part of EMEA.

North America

Across the United States and Canada, organic revenue declined by 5.3% (2024: +7.0%). This reduction was largely attributable to the impact of expected vendor changes in Canada and tariff disruption in the United States. The planned exit of the higher margin vendor resulted in a gross margin of 17.5% (2024: 19.3%), which is in line with the Group's average.

A number of operational activities were combined across North America in the year to improve productivity. These position the region well for future growth. The Farm activities were exited at the end of 2025 as part of the move to a combined North American services solution.

Group costs

Group costs for the year were £6.5m (2024: £4.7m). Group costs include central support for sales, finance, compliance, human resources, information technology and Executive management, with the increase impacted by central funding of AI and technology initiatives.

Exceptional costs and adjusting items

Adjusted operating profit is stated before £38.3m of exceptional items (2024: £12.0m), comprising:

- restructuring costs of £8.7m (2024: £3.0m), principally reduction in staff numbers, which related to Group-wide cost reduction activities to improve future productivity;
- there was an additional one-off charge of £4.4m related to the disposal of intangible assets, associated with the businesses exited in the year. In the prior year, there was a charge of £4.7m related to the derecognition of the Group's ERP pilot; following a comprehensive review of the ongoing deployment and future cost and benefits, the Board concluded that the ERP programme rollout should be paused, with only one country fully live. This resulted in a one-off impairment charge of £27.0m in the year; and
- a £1.8m gain (2024: £4.3m loss) reflecting the initial insurance settlement following a warehouse fire in Dubai in December 2024. A further settlement is expected to be recovered in 2026.

See note 6 for further details.

Other adjusting items included:

- acquisition-related expenses, which reduced to £0.2m (2024: £1.1m) due to pausing the majority of M&A activity in the year;
- a charge of £4.7m (2024: £1.3m credit) in respect of share based payments and associated taxes; and
- amortisation of acquired intangibles of £13.5m (2024: £12.4m).

Profit before tax

The Group reported a loss before taxation of £30.5m (2024: £22.3m profit). This is stated after the net interest costs on borrowings for historical acquisition investments and working capital of £13.2m (2024: £10.5m). Finance costs increased during the year mainly because of the full year impact of prior year M&A payments on net debt.

The loss before tax was impacted by a total cost of £2.4m (2024: £7.0m gain) 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 £30.5m (2024: £39.1m) decreased by 21.3% (constant currency) (2024: 21.6%). A reconciliation of the adjustments to statutory measures is set out on page 29.

Tax

The adjusted effective tax rate was 24.5% in 2025 (2024: 26.1%), which reflects the mix of tax rates in the geographies where we operate.

(Loss)/earnings per share

Basic (loss)/earnings per share is calculated on the total profit of the Group attributable to shareholders. Basic EPS for the year was (21.92p) (2024: 15.69p). Adjusted EPS decreased by 17% (2024: 30%) to 22.37p (2024: 26.96p).

Cash flow

	Year to 31 December 2025 £m	Year to 31 December 2024 £m
Adjusted operating profit	**43.6**	48.8
Add back depreciation and unadjusted amortisation	**12.1**	10.9
Adjusted EBITDA	**55.7**	59.7
Increase in stocks	**(10.6)**	(8.1)
(Increase)/decrease in debtors	**(4.2)**	13.8
Increase/(decrease) in creditors[1]	**27.6**	(7.3)
Adjusted cash flow from operations	**68.5**	58.1
Adjusted cash flow conversion	**123%**	97%

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 123% (2024: 97%). Strong working capital management 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 (2024: £5.4m) and included investment in facilities together with rental asset purchases in the UK & Ireland.

Dividend

The Board has recommended a final dividend of 3.5p per share, which, together with the interim dividend of 1.75p per share, gives a total dividend for 2025 of 5.25p per share (2024: 13.0p). If approved by shareholders at the AGM, the final dividend will be paid on 3 July 2026 to shareholders on the register on 22 May 2026. The last day to elect for dividend reinvestment ("DRIP") is 12 June 2026.

Net debt

Net debt at 31 December 2025 decreased to £147.1m from £153.4m at 31 December 2024. The Group's reported net debt is impacted by the adoption of IFRS 16, which results in £21.1m of lease liabilities (2024: £22.8m) 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 2025 was £126.0m (2024: £130.6m). This reduction reflects payments totalling £11.2m (2024: £38.2m) for acquisition and deferred consideration payments in the year offset by operating cash flows.

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.

> **"Adjusted net debt reduced to £126.0m with strong cash management offsetting restructuring costs and the payment of deferred consideration."**
>
> **Stephen Lamb**
> Chief Financial Officer

FINANCIAL REVIEW continued

> **"Exceptional working capital management resulted in cash conversion ahead of the long-term average for the Group."**
>
> **Stephen Lamb**
> Chief Financial Officer

Statutory measures

The Group reports alternative performance measures, which are defined on page 98. 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.

Net debt continued

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 2025, the Group has access to total facilities of over £300m (2024: over £300m).

Goodwill and intangible assets

The Group's goodwill and intangible assets of £142.7m (2024: £184.0m) mainly arise from the various acquisitions undertaken. Each year, the Board reviews goodwill for impairment and, as at 31 December 2025, 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.

The Board took the difficult decision to prioritise AI and commercial tools investments and to suspend the rollout of a complex Group-wide ERP system. This resulted in a £27.0m write off of previously capitalised development costs, as noted on page 26.

Working capital

Working capital management is a core part of the Group's performance. The reduction in working capital in the year reflected the wider revenue trend combined with strong customer collections and the proactive management of inventory and vendor terms. As at 31 December 2025, the Group had working capital (trade and other receivables plus inventories less trade and other payables) of £142.5m (2024: £155.8m). This represented 11.2% of current year revenue (2024: 12.1%).

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 2025, the Group's inventory provision was £16.0m (8.0% of cost) (2024: £16.2m, 8.6% of cost).

Adjusted return on capital employed

Adjusted return on capital employed is an alternative performance measure (see page 98 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	**2025 £'000**	2024 £'000
Total equity	Group balance sheet	**160,071**	189,154
Total net debt	Group balance sheet	**147,072**	153,429
Accumulated amortisation of acquired intangibles	Note 15	**76,510**	64,495
Right of use leased assets	Group balance sheet	**(17,849)**	(19,038)
Acquisition-related liabilities	Group balance sheet	**6,768**	17,275
Closing capital employed		**372,572**	405,315
Average capital employed		**388,944**	388,824
Adjusted operating profit		**43,626**	48,880
Adjusted return on capital employed		**11.2%**	12.6%

Average capital employed reduced in the year largely as a result of the exceptional costs and associated operating loss. This resulted in the average return on capital reducing to 11.2% (2024: 12.4%).

Adjustments to reported results

	2025 £'000	2024 £'000
Revenue	**1,291,767**	1,317,013
Exited businesses	**(20,951)**	(27,489)
Continuing revenue	**1,270,816**	1,289,524
Gross profit	**228,012**	234,330
Exited businesses	**(2,840)**	(5,520)
Continuing gross profit	**225,172**	228,810
Gross margin - continuing business	***17.7%***	*17.7%*
Operating (loss)/profit	**(14,858)**	24,133
Exited businesses	**1,860**	581
Acquisition costs	**185**	1,124
Exceptional costs (note 6)	**38,296**	11,962
Share based payments	**4,493**	(888)
Employer taxes on share based payments	**161**	(419)
Amortisation of brands, customer and supplier relationships	**13,489**	12,387
Adjusted operating profit	**43,626**	48,880
(Loss)/profit before tax	**(30,510)**	22,311
Exited businesses	**2,017**	893
Acquisition costs	**185**	1,124
Exceptional costs (note 6)	**38,296**	11,962
Share based payments	**4,493**	(888)
Employer taxes on share based payments	**161**	(419)
Amortisation of brands, customer and supplier relationships	**13,489**	12,387
Derivative fair value movements and foreign exchange gains and losses on borrowings	**2,273**	(1,208)
Gain on remeasurement of previously held equity interest	**–**	(1,205)
Gains and losses on deferred and contingent considerations	**333**	(6,645)
Gains and losses on put option liabilities	**(233)**	834
Adjusted profit before tax	**30,504**	39,146

	2025 £'000	2024 £'000
Net finance costs	**(13,075)**	(10,527)
Exited businesses	**157**	312
Foreign exchange derivative (losses)/gains	**(185)**	396
Investment derivative (losses)/gains	**(19)**	1
Adjusted net finance costs	**(13,122)**	(9,818)
Adjusted operating profit	**43,626**	48,880
Share of profit from associate	**–**	84
Adjusted net finance costs	**(13,122)**	(9,818)
Adjusted profit before tax	**30,504**	39,146
(Loss)/profit after tax	**(22,581)**	16,962
Total adjusted profit before tax adjustments (above)	**60,624**	16.680
Tax impact of adjustments	**(15,002)**	(4,696)
Adjusted profit after tax	**23,041**	28,946
(Loss)/profit after tax	**(22,581)**	16,962
Non-controlling interest	**–**	(932)
Profit after tax attributable to owners of the Parent Company	**(22,581)**	16,030
Adjusted profit after tax	**23,041**	28,946
Non-controlling interest	**–**	(932)
Adjustments to profit after tax due to NCI	**–**	(470)
Adjusted profit after tax attributable to owners of the Parent Company	**23,041**	27,544
Number of shares for EPS	**103,020,581**	102,164,466
Reported EPS – pence	**(21.92)**	15.69
Adjusted EPS – pence	**22.37**	26.96

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 page 98.

STAKEHOLDER ENGAGEMENT

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 20 and 21) 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 14 to 17) – specifically ensuring that the Group continues to build on our 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 our employees, customers, suppliers and shareholders together with our wider impact on the environment and the communities where we operate. Further details on stakeholder engagement are set out below and in the sustainability section on pages 34 to 42; and
- our Risk Management Framework, which, as a distributor, places our relationships with wider stakeholders at the centre of our decision making (see pages 50 to 54).

As a Board, its 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, approval of acquisitions and investments, approval of the Group's sustainability plans, approval of cost reduction activities and allocation of share awards to our employees.

The Board considers relationships with, and the engagement of, our stakeholders to be critical success factors 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, its 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 recognises six principal stakeholder groups:

1. Customers

Why it is important to engage

We operate 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
- Working with them to offer value add services such as Midwich Plus+
- Supporting multi-country project delivery

2. Vendors

Why it is important to engage

We are 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.

We pride ourselves on the longevity of many of these relationships and the key position we hold 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

STAKEHOLDER ENGAGEMENT continued

3. 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

- Group-wide staff engagement survey with subsequent action plan
- Targeted actions to improve staff benefits
- Learning and development platforms rolled out Group wide
- A step up in our engagement programmes including environmental, community and charity activity
- Enhance communications programme delivered group wide
- Leadership, development and mentoring programmes offered
- Broad participation in share ownership

4. 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

We engage with our 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 we hold our 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 Group website
- Invitations to our UK trade show and experience centres
- Access to "Midwich Live" videos
- Proactive engagement with shareholders by the Group CEO and Chair
- Regular shareholder meetings and dialogue with Directors

5. 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

We support 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 in place to give the Board greater insight
- Dedicated ESG lead
- Partnering with a third party to determine our carbon emissions (including Scope 3)
- Engagement with third party organisations to assess Group sustainability progress
- Continued carbon reduction actions
- Active participation in AV industry sustainability programmes and surveys
- New offices must meet stretching environmental impact targets

6. 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

- Charity programmes in place across the Group
- Support for local charities selected by our teams
- Enabling our team members to support community action, including volunteering hours.
- Continuing to raise money for charity through numerous team events across the Group

SUSTAINABILITY

Our sustainability commitment.

Our approach for a cleaner future is rooted in everyone doing the right thing and driving meaningful actions that minimise environmental impact.

Our sustainability strategy centres on four high priority areas where we believe we can create and add economic, social and environmental value.

Taking an active part in transitioning to a decarbonised economy and society, achieving net zero emissions and fostering an inclusive, supportive workplace, by collaborating with vendors and customers and engaging in industry-wide initiatives, we aim to be the partner of choice, balancing economic growth with environmental responsibility and leading the way towards a brighter, more sustainable future for all.

> **"At Midwich Group we believe that real progress towards a clearer, more sustainable future comes from empowering our people and partners to do the right thing every day."**
>
> **Andrew Herbert**
> Non-executive Chair

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.

Harnessing the technology that brings flexibility and innovation creates lasting and positive change for our customers, partners and the wider world. We champion solutions that drive not only business flexibility, but also innovation and support for a more sustainable future.

As new creative uses emerge, we work with our partners, delivering integral solutions that help shape a cleaner, more connected and resilient tomorrow.

Materiality assessment and our sustainability strategy

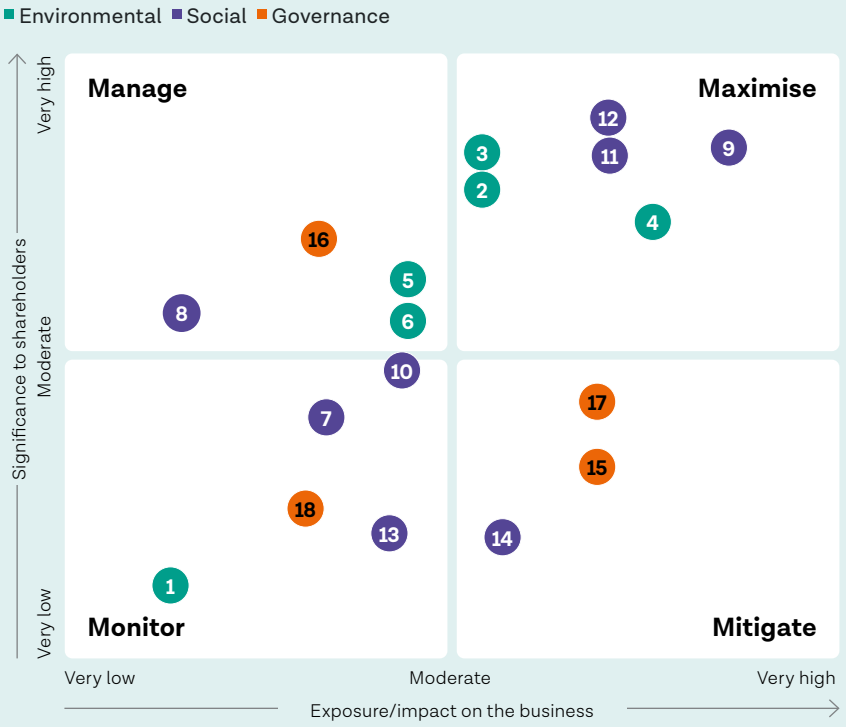
We conducted a full environmental, social and governance ("ESG") materiality assessment for the Group, engaging external consultants to ensure that the results were impartial and truly reflective of the key sustainability-related challenges that our business and the wider AV industry face.

Comprehensive stakeholder engagement, combined with a detailed analytical review involving academic research and industry intelligence gathering, helped us identify a long list of 18 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 2025 and approved without significant change.

Risk heatmap - materiality survey output

Current risk assessments taking account of current mitigations



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

Steps in our materiality assessment

1. Engaged with specialist third party. Defined purpose, scope and objectives of the assessment.
2. Identified stakeholder groups globally and determined approaches to gather information.
3. Compiled a list of material topics, using frameworks, aligned to stakeholder input and strategic priorities.
4. Evaluated the importance and risk of the material topics through stakeholder interviews and workshops.
5. Prioritised material issues and formulated the matrix to clearly show business impact and importance.
6. Results were reviewed, communicated and integrated within our business.

Our progress in 2025.

Sustainability

We're pleased to share the meaningful progress we're making across our sustainability agenda – a core pillar of our wider sustainability strategy. This update showcases key achievements over the past year, highlights new initiatives now underway and outlines the direction we're setting as we look ahead to 2026.

Sustainability credentials

We strengthened our sustainability credentials through two sector-recognised programmes:

- **EcoVadis:** Overall score up 12.3%, with sustainable procurement up 60%.
- **SBTi:** Ongoing Group-wide validation of science-based carbon targets. Approved targets will be published in 2026.

50% of our top 24 global vendors by spend now hold approved SBTi targets, demonstrating growing alignment on decarbonisation across our supply chain.

Renewable electricity

Across UK & Ireland, 98% of sites now operate on renewable electricity tariffs, significantly lowering our Scope 2 emissions footprint and demonstrating our commitment to green energy sourcing.

Sustainability Hub

This year, we launched the Midwich Sustainability Hub – a central platform for our commitments, progress and resources.

MORE INFO: MIDWICH.COM/CAMPAIGN/SUSTAINABILITYUKI

Influencing sustainability across the AV industry

We're proud to be a key partner in AV Magazine's first Sustainability Summit, contributing through sponsorship, advisory roles and expert panel participation.

MORE INFO: AVSUSTAINABILITY.COM/SUMMIT2025

Award recognition

CRN UK Sustainability Champion Distributor 2025 (Shortlisted)

We are delighted to share that we have been shortlisted for the CRN UK Sustainability Champion Distributor of 2025. This recognition reflects the hard work and commitment of our teams to drive meaningful, measurable sustainability progress throughout the year.

Greener business travel

Our green travel policy is already delivering results, having been introduced in early 2025. For example, emissions from return flights to the ISE 2025 event booked via Midwich Ltd fell by 35% compared with 2024. We continue to encourage virtual collaboration where possible and prioritise lower-carbon travel options.

Solar power

From 2026, our new rooftop solar array at Global HQ will generate up to 50% of the building's electricity during peak sunny months, further reducing our operational emissions and supporting local renewable energy generation.

Our 2025 progress demonstrates that environmental responsibility is embedded across every layer of our business. By continuing to innovate, measure and collaborate, we are confident in our ability to meet our climate ambitions while delivering sustainable growth for our people, partners and planet.

Social

In 2025, our businesses continued to build strong social impact through community investment, colleague engagement and meaningful partnerships. Our efforts focused on supporting local causes, empowering our people to give back and strengthening the positive role we play across the regions we operate in.

Charity and fund raising

Colleagues across the Group took part in a wide range of fundraising activities, from local charity drives to Company-wide awareness campaigns.

Together, our teams raised over £65,000 for 19 different charities spanning health, wellbeing, social inclusion and community support.

Many sites continued long-term partnerships with regional charities, ensuring consistent and meaningful contributions.

Volunteering and community engagement

Our volunteering initiatives expanded this year, supported by paid volunteering hours and team-led community days. UK&I employees donated 228 hours of volunteering across activities including food bank collections, environmental clean-ups and charity initiatives. These initiatives strengthened our relationships with local communities while empowering colleagues to make a positive difference.

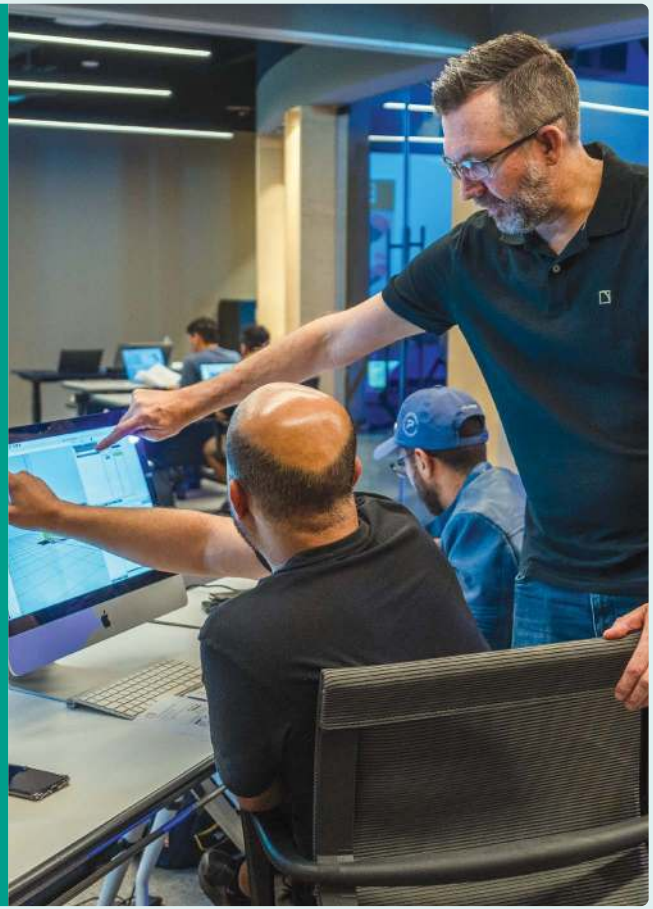
Colleague-led social impact

Much of our social impact activity is driven by passionate colleagues on our culture committees. Involvement in the community through charity champion-led events, wellbeing activities and fund raising campaigns reflects the interests of our people. This grassroots approach helps to ensure our social contribution remains authentic and aligned to community needs.

Supporting our people and workplace

The Group continued to invest in programmes that support colleague development, wellbeing and inclusion. Initiatives such as Amplify Mentoring, mental health support, training pathways and diversity activities helped strengthen our culture and ensure our people feel supported, valued and able to thrive.

We have rolled out a new pilot mentor–mentee programme in Midwich (UK&I) aimed at nurturing talent and strengthening leadership capability. A total of eight mentees have been matched with eight senior mentors who bring a wealth of industry and organisational experience. The programme will provide structured development conversations, broaden internal networks and support the progression of high potential colleagues, with learnings informing an expanded rollout in future years.



Looking to the future.

Our future commitments

Building on 2025 achievements, we are focused on several strategic priorities for 2026:

Dedicated resources

focused on exploring how we can work more collaboratively across the supply chain to advance circular economy principles. This includes identifying opportunities to extend product lifecycles, increase repair and reuse, reduce waste and promote responsible end-of-life management for the technologies we buy and sell.

Finalising and publishing our SBTi-approved targets

with clear timelines for emission reductions across all scopes.

Enhanced supplier engagement,

ensuring more of our vendors commit to science-based targets and sustainable procurement practices.

EcoVadis

We are expanding our EcoVadis sustainability assessment to include additional Midwich Group businesses in the UK, specifically Nimans and DVS. This will provide greater visibility of their ESG performance and support continuous improvement across our wider portfolio.

Driving industry-wide collaboration,

participating in sustainability forums, standards development and cross-sector initiatives to influence the wider AV ecosystem.

SDGs and Midwich

3 GOOD HEALTH AND WELL-BEING	Ensure healthy lives and promote wellbeing for all at all ages.
8 DECENT WORK AND ECONOMIC GROWTH	Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all.
12 RESPONSIBLE CONSUMPTION AND PRODUCTION	Ensure sustainable consumption and production patterns.
13 CLIMATE ACTION	Take urgent action to combat climate change and its impacts.
15 LIFE ON LAND	Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification and halt and reverse land degradation and halt biodiversity loss.
17 PARTNERSHIPS FOR THE GOALS	Strengthen the means of implementation and revitalise the Global Partnership for Sustainable Development.

Our people and giving back.

£325k

Raised by charity initiative "Gift of AV" since its launch in 2021.

Our role.

Our people are central to our culture of giving back.

We encourage colleagues to contribute through volunteering, fund raising and community initiatives, supported by dedicated programmes and paid volunteering time. Their enthusiasm strengthens our social impact and reflects the shared values that shape how we operate across the Group.

What we've been doing.

Employee growth and development

In 2025 we strengthened colleague development through global management training (Middle East, Netherlands, Spain) to strengthen our change management and structured learning pathways and launched our Amplify mentoring programme.

Employees benefited from tailored learning, role-specific upskilling and clear progression routes. Insights from our global engagement survey continue to guide our approach, supporting a strong talent pipeline and future readiness.

Engagement survey

75%

Overall engagement score

Employee recognition

In 2025 we continued to invest, strengthen, reward and provide recognition through a range of schemes across our businesses to ensure colleagues feel valued for their contributions. Our approach combines competitive compensation, performance-linked rewards and a growing suite of benefits that support financial wellbeing, work-life balance and long-term security.

We enhanced programmes to celebrate exceptional achievements, teamwork and customer excellence. Peer-nominated initiatives and real-time recognition tools enabled us to acknowledge great work throughout the year. These efforts helped reinforce our culture of appreciation and highlight the impact individuals and teams make across the business.

Diversity and inclusion

We continued to strengthen a culture where everyone feels respected and able to thrive.

Our diversity and inclusion efforts focus on inclusive recruitment, education, fair progression and employee-led networks such as "Every Voice" initiative and neurodiversity group. Across Europe we prepared for the EU Pay Transparency Directive ("EUPTD") taking effect in June 2026.

These actions help embed equitable practices across the Group and encourage a workplace that reflects the communities we serve.

Wellbeing and mental health

Supporting colleague wellbeing remains a core priority. We provide access to mental health resources, trained Mental Health First Aiders, flexible working options and wellbeing initiatives, highlighting wellbeing focus days and supporting networks such as a menopause group and running club.

Our approach promotes a healthy, supportive workplace where employees feel valued, connected and equipped to maintain their physical and mental resilience.

Mental health first aiders

21+

Specifically trained to support colleagues when they need it.

Community engagement and charity

Our teams continued to make a positive local impact through volunteering, fund raising and long-term charity partnerships.

We empower colleagues to support causes meaningful to them and co-ordinate Group-wide initiatives that drive collective benefit.

Together, we help strengthen communities while reinforcing our culture of social responsibility and shared purpose, enabling volunteering provisions so they can get involved.

SUSTAINABILITY continued

Our environmental performance.

By 2035

Net zero

Committed to achieving 'net zero' status across our controllable emissions by 2035.

Our role.

We are committed to reducing our environmental impact.

Actively managing emissions and energy use within our operations and taking the approach to focus on areas we can directly control help us decarbonise and reduce reliance on climate-harming fuels, one responsible choice at a time.

What we've been doing.

Strengthening our net zero pathway

After a comprehensive review, we are extending our carbon emission reduction targets. This process included analysing supplier emissions, internal reduction opportunities, and available decarbonisation pathways.

The extension of our goals is designed to establish science-based targets ("SBT"), which provide a structured roadmap for emissions reductions across our operations and supply chain.

These targets are aligned with international scientific guidance, including SBTi and IPCC-aligned pathways, ensuring that our long-term ambition is both credible and achievable.

While setting ambitious long-term targets, we remain committed to near and mid-term reductions and continue transparent reporting of our progress, building confidence with stakeholders and reinforcing our accountability.

Scope 1

Direct emissions **(owned and controlled sources)**

Expanded low-emission pool car options at HQ to reduce fuel-related company vehicle emissions.

Increased EV uptake by 125% (vs 2023) through the Octopus EV salary sacrifice scheme, significantly reducing fleet tailpipe emissions.

Installed a solar array at our Diss HQ (operational from 2026), reducing reliance on fossil-fuel based energy and lowering direct operational impact.

Scope 2

Indirect energy emissions **(purchased electricity)**

Transitioned 98% of UK&I electricity-consuming sites to renewable green energy tariffs.

Installed rooftop solar at HQ, expected to generate ~50% of the building's electricity during sunny months.

Scope 3

Indirect value chain emissions
(upstream and downstream)

Introduced and implemented a green travel policy, delivering a 35% reduction in CO_2 from ISE-related flights vs 2024.

Committed to Science Based Targets initiative ("SBTi") and engaged top vendors on SBTi adoption (50% of top 24 vendors already aligned).

Improved Sustainable Procurement score by 60% via EcoVadis reassessment, including creation of seven new governance policies to strengthen supply chain oversight.

Engaging employees in sustainability

Our Kern & Stelly team took part in a hands-on tree-planting initiative in the Klövensteen Forest, contributing directly to local reforestation, cleaner water and stronger biodiversity. The day offered an opportunity to support meaningful environmental action while strengthening connections across the team. After completing the planting, colleagues ended the day together with a warm seasonal meal. This initiative reflects our commitment to practical, community-focused sustainability efforts, and the team looks forward to continuing this positive work in the year ahead.

reforestACTION

Influencing our channel.

83,350+

Attendees visited the 2025 Integrated Systems Europe ("ISE") industry event.

Our role.

To drive sustainable progress across the AV channel.

Playing a critical leadership role in shaping industry dialogue, elevating responsible innovation and strengthening community-wide alignment through thought-leadership contributions.

What we've been doing.

Industry influence

Midwich Group's 2025 engagement clearly positioned the Company as a central connector and thought leader across the AV ecosystem, strengthening our position as an industry voice through active participation at major global events.

At ISE 2025, we contributed to thought-leadership dialogues, including a focused discussion on sustainability with Inavate, elevating the conversation around eco-conscious innovation.

We also played a central role in AV Magazine's AV CrossTalk LIVE debate at Tech Xpo 2025, influencing sector understanding of AI, digital signage and the future market direction.

We participated in sustainability discussions hosted by Inavate, and attended the AV Sustainability Summit and was part of its panel discussion supporting alignment across the supply chain.

Supplier influence

We delivered high-impact supplier visibility across our 2025 event programme, investing in demonstrating connected solutions that drive efficiencies.

We hosted multi-brand showcases such as Tech in Lyon, MediaLog in Hamburg, Tech Benelux, Tech Connect in Boston, Tech Xpo at Ascot and Interactive 2025 in Dubai to name a few events that further amplified supplier engagement, bringing hundreds of brands together in unified environments that highlight integrated AV solutions, all created and driven by our businesses.

70+

Global AV brands united under one roof

Customer influence

Customer engagement remained a core pillar of our 2025 activity. At ISE, we created a dedicated, conversation-driven space for customer meetings, insight sharing and networking, supported by the return of the AV on Air podcast studio.

We empowered customers to contribute directly to industry discussions through interactive debate formats such as AV CrossTalk LIVE, fostering open dialogue on transformative technologies including AI and digital signage, including dedicated VIP networking events and consultation at major exhibitions.

Hosted large-scale experiential events, such as "Interactive 2025" run by our Middle East business, NMK, convening over 600 integrators and partners for a technology-rich cultural showcase, reinforcing community connection and shared growth.

600+

Integrators and partners engaged with

Channel influence

We strengthened community ties across global markets through immersive events and regional outreach.

At ISE 2025 we showcased next-generation technologies through the Midwich Ignite investment approach and launched Pixel IQ, enabling suppliers to demonstrate LED innovations through advanced, side-by-side configuration tools.

Across Europe, we supported the Channel through delivering educational training events, offering inspiration and developing collaborative platforms that elevate the broader AV community.

Our solutions.

35%

Independent industry analysis shows AI adoption can improve operational efficiency by up to 35%.

Our role.

To strengthen industry collaboration at flagship events such as ISE, helping the Group advance sustainable solutions, shared innovation and drive collective progress across the AV sector.

Accelerating digital transformation and promoting integrated, future-ready AV solutions across the channel.

What we've been doing.

Industry collaboration

Collaboration is now essential to sustainability within the AV sector, with manufacturers, integrators and end users increasingly working together to address shared environmental goals.

We took part in the AV Sustainability Summit, which exemplifies this unified effort by bringing together leaders across the supply chain for practical learning, showcasing green technologies and shaping industry-wide strategies.

Being involved in these partnerships helps to align procurement, product development and operational practices around circularity, waste reduction and decarbonisation, reinforcing a collective commitment to greener AV standards.

PixelIQ

Tools such as Pixel IQ support smarter, lower-impact procurement through precise LED specification.

Energy efficient, low-carbon solutions

Energy efficiency sits at the heart of AV sustainability. We are working with our vendor partners to understand their sustainability goals and help bring them to the forefront.

Partners such as Sony and Panasonic are advancing low-carbon innovation. Their initiatives, such as Sony's "Road to Zero" and Panasonic's "Eco Vision 2050", aim to curb emissions across product ranges and operations.

Meanwhile, smart features like adaptive brightness and intelligent power management further cut energy usage, helping businesses meet sustainability targets while reducing operational costs. Our experts continue to guide best practice for energy efficient content creation.

50%

of our top 24 global vendors already have an approved SBTi target.

Strengthening supply chain transparency and responsibility

Our AV manufacturer partners are increasingly adopting recycled materials, circular economy principles and cleaner production methods to reduce their environmental impact and improve product lifecycle sustainability. Rising expectations for responsible sourcing and regulatory compliance are pushing the industry towards greater supply chain transparency and environmental stewardship.

We are proactively working to support this shift as we help customers make informed purchasing decisions, supporting a more accountable and future-ready AV ecosystem.

60%

Improved EcoVadis sustainable procurement score.

Digital transformation

We play a key role in the AV sector by continuing to deliver solutions that reduce emissions, streamline hybrid collaboration and support remote working.

Through our technical expertise and vendor partnerships, combined with our reseller partners, we help organisations integrate modern, energy efficient digital ecosystems that enhance the user experience while contributing to long-term carbon reduction goals.

The integration of AI means that intelligent AV systems are increasingly able to learn usage patterns, automate power-down behaviours and optimise device performance to minimise waste.

80%

Reduced carbon emissions through the use of virtual production techniques.

TCFD

Our sustainability strategy progressed towards further long term emission reduction commitments

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.

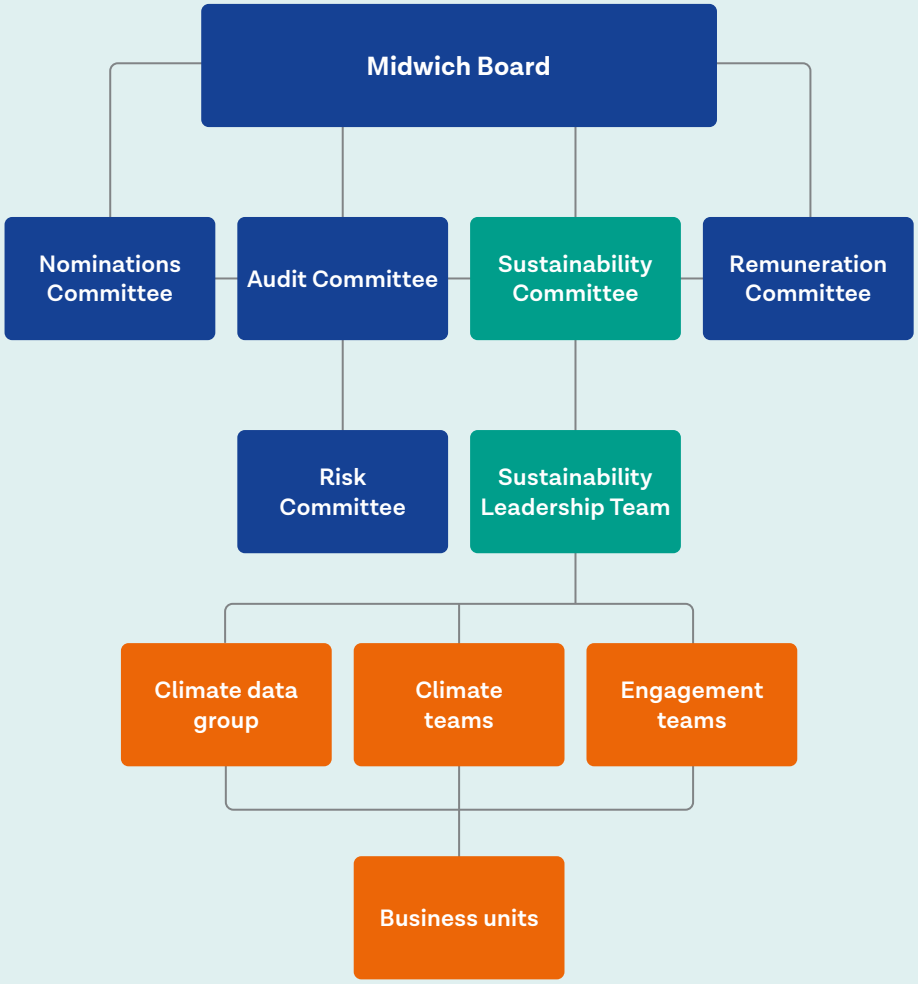
This table provides a reference to where these disclosures can be found throughout our annual report, together with a summary of our assessment of our level of compliance.

Our response to the TCFD framework

Topic	Cross reference to further disclosure	Recommended disclosure	Status
Governance	**Page 44**	Describe the Board's oversight of climate-related risks and opportunities.	Group Sustainability Committee coverage extended to integrate climate considerations into strategic and operational decisions across all regions.
	Page 44	Describe management's role in assessing and managing climate-related risks and opportunities.	
Strategy	**Pages 46 and 47**	Describe the climate-related risks and opportunities the organisation has identified over the short, medium and long term.	The climate strategy was enhanced with updated strategic priorities and clearer roadmaps aligned to the AV industry's evolving net zero landscape.
	Page 47	Describe the impact of climate-related risks and opportunities on businesses, strategy and financial planning.	The Group has begun embedding climate considerations into product, supply chain, and customer strategies.
	Page 45	Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios including a 2°C or lower scenario.	Scenario analysis reviewed incorporating updated transition risks and regulatory developments.
Risk management	**Page 46**	Describe the organisation's process for identifying climate-related risks and opportunities.	Climate risk management processes were developed. Climate risks were incorporated into risk reviews, business unit reporting, and supplier engagement processes across the Group. Guidance was provided to regional teams to ensure accurate assessment and escalation of climate risks across the Group.
	Page 46	Describe the organisation's process for managing climate-related risks.	
	Page 47	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 48**	Describe the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process.	The Group refined the accuracy of emissions reporting with improved Scope 3 data metrics and reviewed supplier emissions data.
	Page 48	Disclose Scope 1, Scope 2, and if appropriate Scope 3 greenhouse gas ("GHG") emissions, and the related risks.	Emissions are monitored on an absolute and intensity basis. Progress towards targets is reviewed annually.
	Page 48	Describe the targets used by the organisation to manage climate-related risks and opportunities, and the performance against targets.	Progress towards targets is reported annually. The Group is seeking to establish SBTi targets in 2026.

TCFD continued

Sustainability governance framework



Sustainability governance

The Board continues to provide oversight of the Group's sustainability and climate strategy, including the identification and management of climate related risks and opportunities, and monitoring progress against the Group's carbon reduction targets and net zero commitments. Over the course of the year, the Board has maintained active engagement with the Group's sustainability agenda, ensuring that sustainability considerations remain embedded within strategic decision making and approving the Group's sustainability related actions and disclosures.

The Sustainability Committee, chaired by Non-executive Director Hilary Wright, has continued to develop its role in supporting the Board's oversight of sustainability matters. During the year, the Committee has further strengthened governance in this area by expanding the scope and frequency of its reviews of sustainability performance, strategy and disclosures. Climate related topics remain a standing agenda item and are reviewed at least bi-annually, ensuring continued oversight of the Group's progress and emerging risks and opportunities. The Committee also continues to provide a dedicated report within the Annual Report (pages 68 and 69), reflecting the growing importance of sustainability within the Group's governance framework.

At an operational level, the Sustainability Leadership Team continues to coordinate and oversee the implementation of the Midwich Sustainability Strategy across the Group. The team plays an important role in driving progress against the Group's sustainability priorities and ensuring alignment between strategic objectives and operational delivery. Its responsibilities include overseeing the implementation of the sustainability strategy and reporting progress to the Sustainability Committee; monitoring the evolving sustainability landscape and providing recommendations to support the Group's approach; assessing climate related risks and opportunities; reviewing and refining sustainability goals and targets while monitoring performance; and representing the Group while supporting sustainability ambitions across the AV channel.

The Sustainability Leadership Team brings together senior representatives from across the Group, including governance, finance, human resources, technology and commercial functions. This multi-functional representation helps ensure that sustainability considerations continue to be integrated across key areas of the organisation and embedded within daily business activities.

Group senior leadership continues to receive regular updates on the progress of the Group's climate action plan, supporting accountability and engagement at the highest operational level. In parallel, the Audit Committee continues to consider climate related risks and opportunities within the Group's wider risk management framework, further embedding climate considerations within the Group's enterprise risk management processes.

At a local operational level, each business within the Group remains responsible for implementing the Midwich Sustainability Strategy within its own operations. Regional sustainability groups, formed of nominated staff members from across the business, continue to generate practical initiatives, prioritise actions and monitor progress against climate and engagement objectives. Over the past year, these groups have continued to expand their role in supporting the delivery of local sustainability initiatives, while many businesses have strengthened their internal resources dedicated to the day-to-day management of sustainability activities, including community engagement programmes.

The Group also continues to operate a virtual team responsible for the collection and coordination of global emissions data across the organisation. Working in collaboration with a third-party specialist, the team supports the standardisation of carbon metrics, enhances data quality and provides guidance on emissions reduction initiatives. During the year, the Group has continued to build on the enhancements made to its carbon reporting framework, including the incorporation of broader Scope 3 emissions data, further improving the completeness and transparency of the Group's climate-related disclosures.

These governance structures support the ongoing development of the Group's sustainability framework and its continued alignment with the recommendations of the Task Force on Climate-related Financial Disclosures, reflecting the Group's commitment to strengthening its approach to managing climate-related risks and opportunities.

Strategy

The Group's climate strategy was further enhanced in 2025, with updated strategic priorities and clearer roadmaps. The priorities and roadmaps are aligned to the net zero ambitions of the AV industry.

Following the materiality assessment, scenario analysis, and risk mapping completed in prior years, the Group progressed into implementation planning, embedding climate related considerations into product, supply chain, and customer strategies.

Scenario analysis was refreshed in 2025 with support from external specialists, incorporating updated transition risk drivers and regulatory developments.

Risk management

Climate related risk management processes were further developed in 2025.

Climate risks were incorporated into risk reviews, business unit reporting, and supplier engagement processes across the Group. These reporting and communication improvements help to support the governance of climate risks through improved oversight and embed climate related risk management throughout business strategies.

Improvements to systems, processes, and procedures were supported by information and assistance from external specialists. Additional guidance was provided to regional teams to ensure consistent and accurate assessment and escalation of climate related risks across the Group.

Metrics and targets

In 2025, the Group enhanced the accuracy of emissions reporting, refining Scope 3 measurement through improved data metrics. The Group continues to review and strengthen data quality and information controls. The Group continues to review supplier data with a view to improve information accuracy and to cooperate with reducing emissions across the supply chain for the industry.

Emissions continue to be monitored using both absolute and intensity basis of measurements. Progress toward targets in actioned throughout the year with a review of progress completed and reported annually.

The Group has retained and continues to work towards its stated targets for reducing scope 1 and controllable emissions. The Group is currently in the process of extending its ambitions to reduce emissions by establishing SBTi targets, which it hopes to achieve in 2026.

Climate-related scenario analysis

1.5°C

Sustainable transition

A well managed global transition where early, coordinated policy action reduces transition volatility and supports a more stable pathway to net zero.

2.0°C

Disorderly transition

A late and uneven global policy response leading to higher transition risks, sharper regulatory changes and increased pressure on businesses to adapt rapidly.

4.0°C

Adaptation

A world where limited climate mitigation action results in significant warming, requiring businesses to focus primarily on adapting to rising physical climate impacts.

We engaged a third party specialist to support the Group in undertaking a comprehensive climate scenario analysis aligned with the recommendations of the Task Force on Climate related Financial Disclosures. As part of this process, a cross-functional climate risk and opportunity working group was established to evaluate the most relevant climate scenarios for the Group. The group considered a range of factors including physical and transition risks, different time horizons, and the global footprint of the business and the audiovisual industry in which it operates.

An assessment of the Group's key climate-related risks and opportunities was undertaken using the Network for Greening the Financial System Climate Scenarios framework. Given that the Group's exposure was assessed to be more strongly linked to transition-related risks than physical risks, the analysis focused on the NGFS "Disorderly" scenario. This scenario assumes that climate policies are introduced later and unevenly across countries and sectors, resulting in relatively lower near-term physical risks but higher transition risks. Under this scenario, policy responses may become more abrupt, with potentially sharp increases in carbon pricing and more rapid regulatory change. The "Delayed Transition" pathway within this scenario assumes that global emissions do not begin to decline until around 2030, after which stronger policy measures are required to limit global warming to below 2°C, with limited reliance on negative emissions technologies.

Building on the initial analysis undertaken previously, the Group has continued to refine its scenario planning during the year. The assessment remains focused primarily on the short-term (to 2028) and medium-term (2028–2033) horizons, which are most relevant to current strategic planning cycles. As the Group continues to enhance its climate data and expand its analysis of value-chain emissions, further long-term scenario analysis beyond 2033 is expected to be incorporated into future assessments.

TCFD continued

Climate-related risks and opportunities

Over the past year, we strengthened our understanding of climate related risks and opportunities across the Group. Building on prior work, we refined our assessment through internal analysis and external benchmarking, reviewing industry developments, climate risk frameworks and the locations of our global facilities. These risks and opportunities were evaluated using our climate scenarios and established risk management framework, which considers likelihood and potential impact.

We further integrated climate considerations into our broader enterprise risk processes. Our updated assessment shows no catastrophic risks to the business model in the short term, nor any indicators of such risks over longer-term horizons. The Sustainability Committee continues to oversee climate related risks and opportunities to ensure appropriate mitigation and management actions.

The audiovisual (AV) industry plays an important role in helping organisations reduce emissions through remote collaboration, digital communication and more efficient environments. This positions both the industry and the Group to benefit as demand for sustainable technology grows. Midwich's flexible business model and ability to adapt support the Group's resilience, with our latest analysis indicating strong positioning under all scenarios.

Based on current findings and existing mitigation actions, the Group does not anticipate material changes to its business model, strategy, financial position or capital allocation or a material financial impact due to climate-related risks. However, we continue to build internal capabilities, enhancing resources and processes to identify and manage climate related risks and opportunities and to advance our sustainability and climate strategy.

Our review of climate related risks and opportunities identified that the majority of risks and opportunities relate to the transitory effects of climate change rather than physical impacts and catastrophes associated with climate change. No catastrophic risks were identified in our review.

Our analysis indicates that audio visual solutions will remain relevant and valuable to organisations operating within a lower carbon and greener economy. The audio visual industry is already incorporating climate related considerations into product design and manufacturing.

Our review reinforces the resilience of our business model and highlights the potential for the Group to benefit from emerging opportunities.

Climate-risk assessment criteria

The Group assesses climate related risks and opportunities using a structured framework that combines internal analysis with external industry and climate risk benchmarks, including consideration of the geographic distribution of our global operations. Identified risks and opportunities are evaluated within the context of our climate scenario analysis and assessed through the Group's existing risk management framework, which considers both the likelihood of occurrence (ranging from remote to almost certain) and the potential impact (from insignificant to catastrophic). The assessment primarily considers transition and physical climate risks across relevant short- and medium-term planning horizons and is integrated into the Group's broader enterprise risk management processes. This approach enables the Group to monitor emerging climate-related risks, assess potential business impacts and identify opportunities associated with the transition to a lower-carbon economy.

2025 → 2026

Short term

We will strengthen our climate risk assessment processes and continue integrating climate considerations into our enterprise risk management framework.

2026 → 2030

Medium term

We will enhance our resilience by monitoring emerging transition and physical climate risks while expanding capabilities to capture opportunities from growing demand for sustainable technology.

2030 → 2050

Long term

We aim to remain well positioned under long range climate scenarios by sustaining a flexible business model that supports the transition to a lower carbon economy and ensures long-term operational resilience.

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	2025 action and analysis
Increased stakeholder concern or negative stakeholder feedback	**Risks:** 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.	In 2025, stakeholder expectations continued to rise, particularly around emissions transparency and progress toward net-zero goals. The Group's enhanced governance framework and increased communication helped mitigate reputational risk and supported stronger alignment with customers and suppliers. Collaboration with AV partners on supply-chain adaptation continues to present commercial opportunities, particularly in circularity-focused services. Continued industry evolution reinforces the need for Midwich to remain proactive in demonstrating credible climate ambition and measurable progress.
Shifts in customer/ end user preferences	**Risks:** 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.	The pace of preference shifts in 2025 remained manageable but increasingly influenced procurement, particularly in public sector and larger enterprise accounts. Midwich's strong vendor relationships allowed the Group to anticipate product-line developments and ensure product availability aligned with market trends. Opportunities expanded both in energy-efficient AV technologies and in solutions that help organisations meet their climate goals. However, continued vigilance is required: any acceleration in market demand for sustainable products could expose gaps in vendor capability or supply-chain readiness.
Enhanced emissions-reporting obligations	**Risks:** 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.	Regulatory momentum increased in 2025, with several markets progressing toward enhanced corporate and product-level disclosure frameworks. The establishment of the Group Sustainability Committee in 2024 positioned Midwich well to absorb these changes. The continued expansion of reporting capability reduced compliance risk, and early engagement with vendors provided a competitive advantage. Nevertheless, the cost and complexity of reporting are expected to rise, reinforcing the need for streamlined systems and consistent supplier engagement.
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.	Legislative focus on product sustainability intensified in 2025, particularly in relation to circularity and efficiency standards. Midwich's proactive engagement with AV industry bodies enabled early insight into emerging requirements and helped shape discussions on feasible implementation timelines. The Group's central position within the supply chain remains a strategic advantage, allowing it to support vendors in navigating regulatory change while also guiding customers on compliant and future-proof solutions. Increased regulatory pressure may create short-term operational complexity, but it also strengthens demand for sustainable AV products and services.

TCFD continued

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.

Our carbon emissions and intensity ratios for 2024 and 2025 are set out in the table.

In 2025, we made further progress on reducing our Scope 1 and Scope 2 emissions. Reductions in emissions were achieved through efforts to reduce 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 2025 on these Scope 3 emissions. Efforts to encourage green travel choices through a green travel policies have helped lower emissions from business travel. The green travel policy has been piloted in the UK. The policy prioritises the use of unified communications and trains ahead cars/flights, together with carbon offset for flights booked.

We have prioritised our Scope 1, Scope 2 and controllable Scope 3 emissions. During 2024 we added wider Scope 3 emissions data for the first time.

GHG emissions and energy use data for the year ended 31 December 2025

	2025	2024
Carbon emissions		
Scope 1 (000s tonnes of CO_2e)	**1.2**	1.5
Scope 2 (000s tonnes of CO_2e) – location-based	**1.3**	1.4
Scope 2 (000s tonnes of CO_2e) – market-based	**0.9**	0.9
Total Scope 1 and Scope 2 (000s tonnes of CO_2e) – market-based	**2.1**	2.4
Total Scope 3 (000s tonnes of CO_2e)	**1,226.5**	1,315.9
Total emissions[1] (000s tonnes of CO_2e)	**1,228.6**	1,318.3
Emissions intensity ratio (000s tonnes of CO_2e per £1m revenue)	**0.95**	1.00
Controllable emissions intensity ratio (tonnes of CO_2e per £1m revenue)	**9.6**	10.7
Sources of Scope 3 emissions		
Upstream fuel and energy (000s tonnes of CO_2e)	**0.7**	0.8
Business travel (000s tonnes of CO_2e)	**2.0**	2.4
Employee commuting (000s tonnes of CO_2e)	**1.2**	1.9
Home office (000s tonnes of CO_2e)	**0.3**	0.3
Outbound logistics (000s tonnes of CO_2e)	**6.1**	6.3
Controllable Scope 3 (000s tonnes of CO_2e)	**10.3**	11.7
Purchased good and services (000s tonnes of CO_2e)	**1,204.3**	1,290.7
Capital goods (000s tonnes of CO_2e)	**1.2**	2.6
Upstream transportation and distribution (000s tonnes of CO_2e)	**8.0**	7.8
Use of sold products (000s tonnes of CO_2e)	**1.5**	1.6
End of life of sold products (000s tonnes of CO_2e)	**1.2**	1.5
Total Scope 3 (000s tonnes of CO_2e)	**1,226.5**	1,315.9

Our Scope 3 emissions are based on both direct and spend based data. The methodology for collecting the information has evolved over time and is expected to continue to evolve in future.

We continue to prioritise our efforts on reducing our directly controllable emissions with a view to annual reductions in our intensity ratios 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 history of growth through acquisition. The Board notes that targets may need to be flexed for new businesses joining the Group in the future. However, the overall approach adopted by the Group will be adapted to each acquired business accordingly.

The Group is pleased to report a reduction in the absolute emissions supported by a corresponding decrease in total emissions intensity and an even larger decrease in controllable emissions intensity.

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

SECR STATEMENT

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 DVS Ltd (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, 2025 v1.0" 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 2025

	Year to 31 December 2025		Year to 31 December 2024		Year to 31 December 2023		Year to 31 December 2022		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)	Energy (kWh)	GHG emissions (tCO_2e)
Scope 1 emissions (direct)[1]										
Gas consumption	**532,081**	**107.3**	559,615	113.4	492,354	99.8	458,698	100.8	–	–
Transport	**261,074**	**63.6**	46,261	11.2	90,572	29.9	127,570	30.8	15,907	3.8
Total Scope 1	**793,155**	**170.9**	605,876	124.6	582,926	129.7	586,268	131.6	15,907	3.8
Scope 2 emissions (energy indirect)[2]										
Electricity	**1,374,753**	**242.7**	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	**1,374,753**	**242.7**	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	**702,933**	**208.2**	1,239,569	281.5	1,181,216	291.4	986,059	249.1	291,629	73.5
Combined total	**2,870,841**	**621.8**	2,736,835	590.7	2,964,100	669.6	2,630,876	595.5	827,893	187.8
Midwich Limited only	**1,590,191**	**333.7**	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 2025		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	Revenue £ million	Intensity ratio
Combined total	**450.5**	**1.38**	415.4	1.42	422.8	1.58	432.7	1.38	230.1	0.82
Midwich Limited only	**289.8**	**1.15**	257.5	1.10	268.5	1.05	281.9	0.96	230.1	0.82

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 £m 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 increase in 2025 emissions arises from businesses that have been merged within the results of Midwich Limited. These results were previously included within separate legal entities that were not within scope of SECR.

The results of "Midwich Limited only" include the merged businesses but exclude Nimans Limited and DVS Ltd. Midwich Limited's intensity ratios have been negatively affected by merged businesses that have a proportionately higher ratio of emissions to revenue.

As part of merging UK businesses within Midwich Limited, we have consolidated the southern UK offices and showroom facilities into a modern purpose built facility. Midwich Limited has also refurbished its head office in Norfolk.

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.

Further information is on pages 34 to 42.

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.

MANAGING RISK

Our risk management process.

Andrew Herbert
Non-executive Chair

"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 and 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 six, on an ongoing basis. There was no significant change in our risk appetite in 2025.

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 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.

Current areas of focus/emerging risks

Our risk focus in 2025 was on general macroeconomic conditions, sustained higher interest rates and softer mainstream AV product end user demand. The challenging mainstream AV market continued throughout the year and resulted in an increased focus on managing trading and people risks, with a focus on customer and vendor satisfaction, credit and cost management and staff retention matters.

Other risks focused on during the year included tariffs, under-performing operations, the Group ERP programme and environmental risks.

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

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 and 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 is needed

4. Monitoring and review

- Business unit and regional level
- Senior leadership
- Group Risk Committee
- Audit Committee

PRINCIPAL RISKS AND UNCERTAINTIES

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 2025.

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

Risk owner
- Executive Directors
- Senior management teams

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.

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 did not make any acquisitions during the year but further integrated acquisitions made in prior periods.

The Board receives progress updates on integration and post-acquisition performance. For a number of past deals, earn-out structures were put in place to ensure that acquisition consideration is linked to performance.

Whilst there were no acquisitions completed in 2025, future growth through acquisition remains a strategic focus area for the Board.

B Loss of key customers

Risk change

Risk owner
- Executive Directors
- Senior management teams

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.

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 have dedicated support for our multinational customers, which allows us to partner with them on complex projects across our different geographies.

We continue to monitor customer credit capacity and maintain credit insurance in most territories. Whilst the level of customer default and credit insurance claims increased during the year, it remained a very small percentage of overall revenue and the financial impact in the year was not material.

C

Loss of key vendors

Risk change

Risk owner
- Executive Directors
- Senior management teams

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.

Many of the Group's vendors use trade credit insurance as part of their approach to risk mitigation. A significant reduction in the Group's deemed creditworthiness could have a negative impact on the Group's ability to purchase products on credit, which would adversely impact both debt and liquidity.

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. For example, the addition of vendor relationships in the unmanned aerial vehicles category supported revenue growth in two regions. We also expanded existing vendor relationships into more of our businesses. Whilst we made good progress with the transition from legacy to new technical vendor relationships in Canada, the loss of a vendor in the US was a driver of the decision to exit The Farm.

Given the challenging market in 2025, the Group's market leading position resulted in stronger relationships with a number of vendors and no significant vendor losses initiated during the year. The Group continues to work closely with both vendors and trade credit insurers to ensure that its credit limits support its planned activity.

Financial risks

D

Macroeconomic challenges

Risk change

Risk owner
- Executive Directors
- Senior management teams

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 have 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 onto the customers through price increases.

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 sustained softness in mainstream product demand continued to impact the AV industry throughout the year, with a number of competitors downsizing or exiting the market. Whilst the Group was able to broadly maintain gross margins, further operating cost reductions were made to offset cost inflation and improve productivity. These changes position the Group well for future profit growth when market conditions improve. The Group also has numerous 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.

The Group responded to changes in tariffs during the year by adapting its buying patterns and making changes to commercial terms. After a period of uncertainty during the first half of the year, the AV supply chain has demonstrated resilience with continuity of supply and gross margins largely unaffected for the Group.

PRINCIPAL RISKS AND UNCERTAINTIES continued

People risks

E

Dependence on key people and staff welfare

Risk change

Risk owner
- Executive Directors
- Senior management teams

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.

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 key agenda items.

Changes this year

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

The trading conditions over the last two years resulted in lower variable compensation to staff, which had a negative impact on our staff. There has been a strong focus on engagement and support for our team members during the year. The Group also made targeted retention awards to key staff through its long-term incentive scheme. In addition, the Group has successfully hired new talent into several senior positions to support its future growth strategy.

Operational risks

F

Regulatory risks

Risk change

Risk owner
- Executive Directors
- Senior management teams

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.

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 follows the QCA Code and has enhanced its polices and staff training to align with the new UK fraud prevention legislation. We have also further invested with respect to our sustainability goals during the year.

A separate analysis of climate-related risk is included on page 47.

The Strategic Report comprising the Chair's Statement, Chief Executive's Review and Financial Review was approved by the Board on 16 March 2026 and signed on its behalf by:

Andrew Herbert
Non-executive Chair
16 March 2026

CHAIR'S INTRODUCTION TO GOVERNANCE

The Group has responded well and demonstrated its resilience over the last twelve months, returning to revenue growth in the second half.

Andrew Herbert
Non-executive Chair

"The Group acted to mitigate the wider market risks by pausing acquisitions, prioritising investment activity on productivity and reducing operating costs. It continued to position itself for future growth with the launch of new vendors and solutions."

Andrew Herbert
Non-executive Chair

I'm pleased to present the Governance Report for the year ended 31 December 2025. 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 out-perform the wider AV market 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

Whilst the Board remains confident that, over the medium term, the global AV market will continue to benefit from the adoption of our solutions, ongoing macroeconomic uncertainty continued to impact demand in 2025. Trade disputes, government deficits and ongoing higher interest rates have impacted both end user demand and our supply chain. The Group has responded well and demonstrated its resilience over the last twelve months, returning to revenue growth in the second half, gaining market share and increasing the depth of its customer and vendor relationships.

The Group acted to mitigate the wider market risks by pausing acquisitions, prioritising investment activity on productivity and reducing operating costs. It continued to position itself for future growth with the launch of new vendors and solutions, such as its new e-commerce platform, which went live in the UK in the fourth quarter.

The Group has also positioned its leadership team for future growth. I was delighted to see our succession plans result in internal candidates taking leadership roles in both the North America and APAC regions and in digital transformation. We've also added to the Group leadership team with the recruitment of a new Chief Technology Officer in November 2025.

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

Governance code

The Board considers sound governance to be an essential element of a well-run business and continues to believe that the Quoted Companies Alliance ("QCA") Corporate Governance Code is most appropriate for the Group.

We have included a summary of our compliance with the QCA Code on page 61 whilst the full statement of compliance, as approved by the Board on 8 September 2025, is available on the Group's website.

The Board is cognisant that the expectations of the revised QCA Code 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 2026 AGM. The Board will keep this approach under review in future years.

CHAIR'S INTRODUCTION TO GOVERNANCE continued

Sustainability

We continue to make good progress on our sustainability journey. We take our social responsibility seriously and are committed to making both improvements in our direct operations and influencing positive change across the AV industry. The Sustainability sub-Committee, chaired by Hilary Wright, has determined clear long-term sustainability goals, which drive actions across the Group. Having introduced broad Scope 3 emissions reporting for the Group last year we are reporting our wider emissions trend for the first time this year. Our total emissions have remained broadly flat showing a very small improvement in our overall intensity ratio. We have also commenced the process of establishing SBTi aligned targets in the coming months.

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 or charities, raising £325,000 via our charity initiative "Gift of AV" since its launch in 2021.

Our teams are also supporting AV industry-wide initiatives to improve long-term sustainability, including the Company being a supporting partner to the inaugural AV Sustainability Summit, which took place in December 2025 (pages 34 to 42 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 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.

> **"Board composition is kept under review to ensure it meets ongoing governance requirements, including independence and diversity."**
>
> **Andrew Herbert**
> Non-executive Chair

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.

Whilst the Group has operated in a challenging market over the last few years, it has adapted quickly and decisively to address near term cost challenges whilst continuing to develop opportunities for future growth. Given the Group's ambitious future growth strategy, the Board has supported the Executive management over the last year to refine its leadership structure to deliver success.

The Board believes that Stephen Fenby's commitment to leading the Group over the next few years will ensure the Group continues to out-perform its competitors. We are also supporting Stephen to develop a long-term succession plan, ensuring that the Group has the right depth of talent to achieve growth in value.

After over seven years as Chief Financial Officer, Stephen Lamb informed the Board of his desire to take up another role from 2026. Stephen has made an invaluable contribution to the Group during his tenure and I want to thank him for his commitment and support over a period in which the Group more than doubled in size and significantly increased its international presence. On behalf of the Board and the wider business, I wish Stephen all the best with his new role.

I am also delighted to welcome Adam Councell as Group CFO. Adam brings a wealth of business services and public company experience and joined the Group and the Board in March 2026.

Mindful of the average length of service of the Non-executive Directors, the Board has made further progress with its Non-executive succession planning over the past year.

Mike Ashley will retire from the Board in May 2026, ahead of the AGM. Mike has been an active and supportive Non-executive Director since the Group's IPO. His knowledge and experience, especially in the areas of customer and vendor engagement and operational excellence, have been valuable in supporting the Group's growth plans. I'd like to thank Mike for his service on behalf of the Board and the Group's wider stakeholders. Hilary Wright will succeed Mike as Chair of the Remuneration Committee from May 2026.

A specialist search for at least one new independent Non-executive Director is at an advanced stage. The results of this will be announced in due course.

> **Mike Ashley will retire from the Board in May 2026. Hilary Wright will succeed Mike as Chair of the Remuneration Committee."**
>
> **Andrew Herbert**
> Non-executive Chair

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 my role has commenced with a view to my standing down in due course once a suitable replacement is found.

I am also pleased to welcome Lauren Hall to the position of Company Secretary. Lauren joined the Group from PwC and was appointed to the role of Company Secretary from February 2026.

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.

Review of auditor

The Audit Committee conducts an annual review of the audit process. After a comprehensive process, RSM was appointed Group auditor for the 2024 financial year. The Committee evaluated the transition to RSM and concluded that the process had gone smoothly with positive feedback received from across the business.

RSM was reappointed as the Company's auditor at the 2025 Annual General Meeting. The reappointment of RSM will be recommended to shareholders for approval at the 2026 AGM.

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 (see page 63 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, dividend policy and 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 98% 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 2025. I would like to thank my fellow Board members for their ongoing engagement and support.

EXPERIENCED MANAGEMENT

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 2025.

Andrew Herbert
Independent Non-executive Chair

A (N) R S

Appointed 2016

Qualifications
Andrew has a BA in Business Studies from Hatfield Polytechnic and is qualified as a Chartered Management Accountant.

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.

Andrew was an independent Non-executive Director of Xaar plc from 2016 to 2025, including being the Chair from 2020 to 2025.

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
Chief Executive

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 Chief Executive in 2010. He has led the Group's acquisition and development programme.

Stephen Lamb
Chief Financial Officer

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 Chief Financial Officer 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 brings extensive leadership experience across consumer focused, high-growth businesses, having held senior CEO, commercial, marketing and strategic roles at Boots, Argos, Dixons Retail Group, Travis Perkins, Holland & Barrett and Magnet Kitchens.

He is currently Chief Executive Officer of Huddled Group plc, a circular-economy e-commerce group. Mike joined Huddled from Nobia UK, incorporating Magnet Kitchens, where he served as Commercial Director. He was previously CEO of Coverings Ltd and Chief Commercial Officer at Holland & Barrett.

Earlier in his career, Mike held CCO roles at Wickes and the Plumbing & Heating division of Travis Perkins Plc.

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 the senior independent 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 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 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

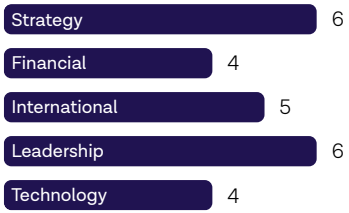
Tenure of Directors

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

Independence

- Independent
- Non-independent

Skills



Skills development

CORPORATE GOVERNANCE REPORT

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 (until May 2026)
- Stephen Fenby
- Hilary Wright
- Alison Seekings

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 (Chair)
- Andrew Herbert
- Mike Ashley (until May 2026)
- 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 - until May 2026)
- Hilary Wright (Chair - from May 2026)
- Andrew Herbert
- Alison Seekings

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 (until May 2026)
- Alison Seekings
- Stephen Fenby
- Stephen Lamb (until February 2026)

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 eleven 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 2025, the Board also received presentations from operational management on topics including business unit strategy, investment opportunities, AI and 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 2025 are detailed here:

	Board meetings		Nominations		Remuneration		Audit		Sustainability	
Andrew Herbert (Chair)	11	11	4	4	4	4	4	4	2	2
Mike Ashley	11	11	4	4	4	4	4	4	2	2
Alison Seekings	11	11	4	4	4	4	4	4	2	2
Hilary Wright	11	11	4	4	4	4	4	4	2	2
Stephen Fenby	11	11	4	4	n/a	n/a	n/a	n/a	2	2
Stephen Lamb	11	11	n/a	n/a	n/a	n/a	n/a	n/a	2	2

- Meetings held
- Meetings attended

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 is set out below.

	Section of code	Overview
1	Establish a purpose, strategy and business model which promote long-term value for shareholders	The Group 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 our long-term future (pages 18 to 21).
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 34 to 42).
3	Seek to understand and meet shareholder needs and expectations	We engage with our 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 57).
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 critical success factors 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 further enhanced its focus on sustainability in 2025 (pages 68 and 69).
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 52 to 54). The Audit Committee monitors and assesses the independence of the Company's auditor annually and RSM was proposed to continue as Group auditor at the 2025 AGM (page 65).
6	Establish and maintain the Board as a well-functioning, balanced team led by the Chair	The Board comprises 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. There is an active Board succession programme to ensure the future balance of the Board. The Board will welcome both a new Group CFO and new independent Non-executive Director in 2026 (pages 62 to 64).
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 eleven scheduled meetings in 2025. 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 62 to 73) 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. Given the planned Director changes, the Board has deferred plans to involve an external facilitator to 2026 (page 57). 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 that 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 70 to 76). 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 57). The Group's website provides further information to stakeholders. Reports from the Audit, Nominations, Remuneration and Sustainability Committees are set out within the annual report (pages 62 to 73). The Group's sustainability reporting has been further enhanced this year. Further details, including activity during the year, are included on pages 68 and 69.

NOMINATIONS COMMITTEE REPORT

Maintaining the right balance of skills.

"Whilst there were no changes to the Board during the year, the Committee supported a number of processes to shape the future composition of the Board."

Andrew Herbert
Non-executive Chair

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

The Committee comprises four independent Non-executive Directors and the CEO. The Committee met four times in 2025.

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;
- to keep under review the leadership needs and succession plans of the organisation, both Executive and Non-executive; and
- to 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.

The Committee has reviewed and determined that it continues to believe the Non-executive Directors remain independent. The Board comprises four independent Non-executive Directors (67%) and two Executive Directors (33%).

Whilst there were no changes to the Board during the year, the Committee supported a number of processes to shape the future composition of the Board.

Planning for future growth

The Committee believes that the Group is well positioned to take advantage of the anticipated return to growth in its target markets. Stephen Fenby's commitment to leading the Group over the coming years will ensure that it continues to out-perform the wider AV market and deliver shareholder value. During the year we supported him to refine the senior leadership structure, ensuring that the Group has the right talent to achieve its strategic goals.

The Committee also supported the decision to include the CEO in the LTIP award for the first time in 2025. This decision ensures alignment of his incentives with those of the wider senior leadership team for the next period of strategic focus for the Group.

Change in Group CFO

In October 2025, after over seven years as Group CFO, Stephen Lamb informed the Board of his desire to take up another role from February 2026.

The Committee conducted a thorough process to appoint a Group CFO successor. Following a detailed evaluation of internal and external candidates, supported by a recruitment consultant, I am delighted to welcome Adam Councell as Group CFO from March 2026.

Focus for 2026.

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

- on-boarding the new Group CFO;
- Board independence and succession; including the search for at least one new Non-executive Director;
- planning for the Chair's replacement; and
- supporting the CEO with leadership development plans.

Board evaluation.

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 in due course.

Annual survey of Board members

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.

Facilitated review of survey findings with agreed action plans

The Group Company Secretary co-ordinated the survey and presented the results. This was followed by a facilitated Committee discussion during which matters arising were reviewed and actions agreed.

Monitoring of progress against agreed plans

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 below. A few minor points that were raised have also been acted upon.

Actions in response to the Board evaluation

Area	Recommendation	Action taken
Director induction	Review and refine the process for new Directors.	A structured Director on-boarding process was developed in 2024, which has been refined to facilitate the on-boarding of the new Group CFO, Company Secretary and future Non-executive Directors. The induction includes detailed briefings on compliance and duties, 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 its trade shows.
Board skills	Refine the target skill set for Board appointments in the context of the Group's growth plans.	The current Board skill set was reviewed with prioritised requirements included within the Executive/Non-executive succession plans.
Governance	Formalise an annual review of Board advisers.	An annual review of key adviser performance has been added to the Board agenda.
Business engagement	Further increase independent Board members' exposure to stakeholders.	Scheduled Board meeting presentations by key leaders and high potential managers were arranged to support long-term succession planning.
Stakeholder engagement	Review active engagement with shareholders.	The Group Chair wrote to significant shareholders during the year to seek feedback.

NOMINATIONS COMMITTEE REPORT continued

Non-executive Director changes

After joining the Board at IPO, Mike Ashley will retire from both the Board and as Chair of the Remuneration Committee at the 2026 AGM.

The Committee has appointed an adviser to lead the search for his successor. This process is at an advanced stage and the appointment of at least one new independent Non-executive Director will be announced in due course.

Hilary Wright will take up the role of Remuneration Committee Chair from May 2026.

Chair succession planning

Andrew Herbert, Group Chair and Chair of the Nominations Committee, will reach ten years' service in May 2026. 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:

- providing continuity during the on-boarding of a new Group CFO and the retirement of Mike Ashley;
- the addition of a fourth Non-executive Director in 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.

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

Director on-boarding

Following the appointment of any new Director, the Company has a comprehensive on-boarding process that 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.

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

Other matters

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 58 and 59) 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.

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 North America and Northern Europe territories.

Andrew Herbert
Chair of the Nominations Committee
16 March 2026

AUDIT COMMITTEE REPORT

Ensuring the highest standards.

"The Committee has been pleased with RSM's first year performance, noting the high level of planning and communication throughout the audit process."

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 2024 and I am the member with recent and relevant experience. The Committee met four times during 2025.

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 conducted a detailed evaluation of external audit options in 2024, the principal 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.

Following a comprehensive tender process in 2024, the Board appointed RSM UK Audit LLP ("RSM") as the Group's auditor from the 2024 financial year.

The Committee was pleased with RSM's first year audit execution, noting the high level of planning and communication throughout the audit process.

Focus for 2026.

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

- reviewing and evaluating the performance of RSM following its second 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.

AUDIT COMMITTEE REPORT continued

> **"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

Monitoring audit

The Committee oversees the plans for the full year audit undertaken by RSM. It drafts 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 CFO 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:

- in response to the presumed risk of fraud that revenue may be misstated due to improper revenue recognition, the Committee considered the results of the audit testing around cut off;
- in response to a presumed risk over the management override of controls, the Committee considered the control environment, risk management procedures and further matters, including the 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 assessment identified a material impairment of £27m;
- 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; and
- 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 Committee has reviewed the 2025 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.

ERP impairment

During the year, management performed an impairment review of the Group's capitalised investment in its Enterprise Resource Planning ("ERP") system. The system was intended to standardise processes, enhance reporting capability and deliver operational efficiencies across the Group. The review was triggered by a change in strategy re full system deployment, which reduced the expected future economic

benefits. The Audit Committee considered this matter to be significant due to the material impairment in value of the ERP intangible asset and the estimation uncertainty in assessing value in use and forecasting future economic benefits.

The Audit Committee reviewed management's impairment assessment, forecast cost savings from system utilisation and the external auditor's challenge. Following this review, management concluded that the original carrying value of the ERP asset exceeded its recoverable amount. An impairment charge of £27 million has therefore been recognised in the year. The impairment is non-cash in nature and does not affect the Group's banking facilities or underlying cash generation. The Committee is satisfied that the impairment recognised is appropriate. The Committee has also reviewed its governance arrangements to improve oversight of major transformation projects to ensure robust and timely monitoring and accountability for programme delivery.

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 Committee notes that the rollout of AI tools across the business will result in changes to the control environment. The Committee has recommended the further strengthening of AI related governance as these tools are increasingly adopted.

> **"The Committee receives feedback on the effectiveness of internal controls from management and correlates that with separate reports from the external audit process."**
>
> **Alison Seekings**
> Non-executive Director

The Group operates a risk assessment and monitoring process. This is co-ordinated by the Group CFO, who reports principal risks and mitigation actions to the Committee. Further detail on these risks is included on pages 52 to 54.

Audit Committee minimum standards

Whilst not mandatory, the Committee has taken action to adhere to the requirements of the FRC's minimum standards for Audit Committees as far as practicable. The Committee seeks to ensure sufficient rigour and independence of the auditor and its 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.

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 by either 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 2024 on audit engagements.

During the year, RSM and its associates were paid fees of £1,205k (2024: £1,028k) in respect of audit and non-audit work as follows:

	2025 £'000	2024 £'000
Audit fees in relation to the audit of the Company	**188**	170
Audit fees in relation to the audit of subsidiaries	**1,017**	858
Total audit fees for audit and audit related assurance services	**1,205**	1,028

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

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 2025. Details of the full terms of reference are available on the Group's website.

Alison Seekings
Chair of the Audit Committee
16 March 2026

SUSTAINABILITY COMMITTEE REPORT

Sustainability Committee Report.

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

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 2025.

This report should be read in conjunction with the Group's comprehensive Sustainability Report, which can be found on pages 34 to 42.

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 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 2025 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;
- reviewed third party ratings of the Group's sustainability activities and plans to improve these; and
- reviewed sustainability risks and opportunities.

Focus for 2026.

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.

Our five targets for 2026

Working towards our agreed timeline to move away from oil and gas heating in our facilities.

Progress made

We have begun the process of moving away from oil and gas by reviewing the energy use across our various premises starting with the head office, which now has solar panels installed.

To have a measure of wider Scope 3 emissions by 2026.

Wider Scope 3 measures were implemented from 2024. We have continued to review and refine our reporting with updated metrics.

To use, where possible, renewable energy across our office locations by 2028.

This goal has successfully been achieved across our established businesses in the UK. We hope to continue the roll out of renewable energy across the rest of the Group.

To achieve net zero for controllable emissions by 2035.

The Group is pleased to report a reduction in controllable emissions intensity from 10.7 to 9.6.

To work with the AV channel to help it become net zero by 2050 or sooner.

We engage with our partners across the audio visual industry to improve emissions reporting and we are working toward establishing SBTi aligned targets.

Our sustainability strategy

The Group 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 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 Group sustainability strategy is set out in more detail on page 34.

Our climate targets

In 2023 we set climate-related targets. 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; and
- to work with the AV channel to help it become net zero by 2050 or sooner.

Our progress in 2025

During the year the Group made further progress towards reducing its emissions including:

- reaching 98% renewable electricity across UK&I and the installation of solar power at the global head office;
- the rollout of a new Group sustainability hub and greener travel policy.;Improving the EcoVadis rating at Midwich Limited;
- reduction in the absolute emissions for the Group with a corresponding decrease in total emissions intensity and a larger decrease in controllable emissions intensity;
- influencing the Pro AV industry including being a key partner in AV Magazine's first Sustainability Summit, contributing through sponsorship, advisory roles and expert panel participation; and
- we have also begun to monitor our key vendors' commitment to SBTi targets, with 50% of our top 24 global vendors by spend now having approved SBTi targets.

Our plans for 2026

Our plan is to continue to work towards our stated goals to reduce emissions and increase our commitments through establishing SBTi aligned targets.

Hilary Wright
Non-executive Director
16 March 2026

Remuneration Committee Report.

"Whilst both the macroeconomic backdrop and the AV market faced significant headwinds in 2025, the Group out performed its competitors in many key markets and returned to revenue growth in the second half of the year."

Mike Ashley
Non-executive Director

As Chair of the Remuneration Committee, I am pleased to present the Directors' Remuneration Report for the financial year ended 31 December 2025.

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 2025 financial year.

Main responsibilities:

- to determine the framework and broad policy for setting remuneration for the CEO 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.

Focus for 2026.

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

- recommending a remuneration package for the new Group CFO;
- reviewing and monitoring remuneration for senior management;
- reviewing the effectiveness of the LTIP scheme with respect to incentivisation, retention and stakeholder alignment; and
- reviewing overall performance and the associated remuneration outcomes.

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 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 four times during 2025 and its key activities were as follows:

- reviewed the 2024 Directors' Remuneration Report;
- discussed and determined bonus and LTIP outcomes for Executive Directors;
- reviewed and approved the Executive Directors' remuneration arrangements for 2025;
- reviewed and approved the remuneration arrangements for the departing Group CFO;
- considered the overall remuneration structure of the senior leadership, including in-flight LTIP awards and the 2025 LTIP award; and
- discussed and approved the targets for the 2026 annual bonus for Executive Directors and senior leaders.

2025 performance and remuneration

Business performance

Whilst both the macroeconomic backdrop and the AV market faced significant headwinds in 2025, the Group out-performed its competitors in many key markets and returned to revenue growth in the second half of the year.

Of particular note in the year was the Group's proactive response to the AV market challenges. This was characterised by exceptional focus on customer service, supporting its manufacturing partners' growth plans, on-boarding new vendors, completing restructuring activities to improve productivity and investing in new solutions to facilitate future growth.

In evaluating performance in 2025, the Committee considered the following metrics and highlights:

- further growth in market share and an increase in the mix of technical product revenue;
- continuing revenue and gross margins maintained (constant currency) at c.£1.3bn and 17.7%, despite market headwinds;
- adjusted operating profit of £43.6m, with a strong second half weighting;
- targeted cost reduction programme delivered with exits from small loss-making businesses;
- strong M&A pipeline;
- delivery of key organic solutions for e-commerce and software sales;
- excellent operating cash generation at 123% of adjusted EBITDA;
- further progress against the Group's sustainability strategy; and
- dividends of 5.25p per share (interim and proposed final).

Given the exceptionally challenging market conditions, the Board is pleased with the 2025 performance and believes that the senior management team has taken actions to deliver on the Group's long-term strategic objectives.

2025 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 2025, performance targets were linked to the following specific goals:

- profit and gross margin growth targets (60% weighting);
- other financial KPIs including operating cash flow (30% weighting); and
- strategic (10% weighting).

The maximum bonus opportunity for 2025 was 125% of salary for both Executive Directors. The Committee reviewed the 2025 performance outcomes against the performance targets set at the start of the financial year. The formulaic outcome was 20% of maximum for the Executive Directors, reflecting the stretching targets set by the Committee. No bonus is payable to the Group CFO as he resigned during the year.

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 77.

2023 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 2023 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 2025 adjusted profit before tax ("PBT") and leverage.

However, following his resignation, the Group CFO's LTIP award will lapse in full. The Group CEO did not participate in the 2023 LTIP. Nevertheless, there will be partial vesting of awards for participants below Board level.

REMUNERATION COMMITTEE REPORT continued

LTIP award granted during the year

The Committee granted awards of nominal value share options under the LTIP in 2025 to the CEO and other senior employees. The CFO was not eligible to participate in the 2025 LTIP following his resignation in October 2025.

As outlined in the RNS announcement at the time of grant, the Committee determined that it was important to include the CEO in the LTIP award for the first time, with an award at 285% of salary. This decision ensures alignment of the CEO's incentives with those of the wider senior leadership team for the next period of strategic focus for the Group. The quantum of the award reflects this alignment.

The CEO's 2025 LTIP award vests after three years, subject to profit and shareholder return performance criteria and the target element of his award is subject to a two-year post-vesting holding period.

Board changes

Further to the RNS announcement on 15 October 2025, Stephen Lamb stepped down from the Board as Group CFO on 28 February 2026. He was treated as a "bad leaver" under the Group's incentive plan rules and therefore was not eligible for an annual bonus in respect of 2025 (or 2026) and was not granted a 2025 LTIP award. All unvested LTIP awards have lapsed.

Adam Councell joined the Board as Group CFO on 2 March 2026. His base salary is £350,000. His remuneration package is in line with the Remuneration Policy outlined on page 74. In particular, he is eligible for a bonus of up to 125% of salary. It is anticipated that the new Group CFO will participate in the 2026 LTIP award - the Committee is currently in the process of determining the appropriate terms of this award.

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.

The Committee takes a pragmatic approach to the remuneration of its Executives, acknowledging the substantial shareholdings of the CEO and the external benchmarking of the remuneration levels of both the CEO and CFO. This benchmarking was used to determine the remuneration for the incoming CFO. The Committee notes that the results of this benchmarking once again concluded that the CEO's base salary was below the market norm.

The Committee plans to address this concern. A comprehensive review of the CEO's pay, which will consider market and industry data and wider Group employee remuneration structures, will be undertaken and implemented in 2026.

> **"The Committee determined to include the CEO in the LTIP award for the first time. This decision ensures alignment of the CEO's incentives with those of the wider senior leadership team for the next period of strategic focus for the Group."**
>
> **Mike Ashley**
> Non-executive Director

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.

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 the Group more attractive.

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.

The Board expressed concern with respect to retaining key talent during the year, noting low levels of variable pay in recent years due to the challenging AV market. The Committee considered this and recommended a one-off LTIP retention award to key staff. This award vests in March 2026. A key staff retention element was also added to the 2024 and 2025 LTIP awards.

We continue to encourage employee share ownership across the Group. For the tenth 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 over £500 at the award date and will vest after three years subject to continued employment.

Since IPO, 2.2 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 £4.0m, based on the share price at 31 December 2025. As at 31 December 2025, 70% of Group employees 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).

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.

Advisory vote on Directors' Remuneration Report at 2026 AGM

The Committee is cognisant of the expectations of the 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 (98.6%) on the Remuneration Report resolution at the 2025 AGM (2024: 97.8%).

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 2026 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 74 and 75 of this report and the Committee reserves the right to make changes as it deems necessary.

Outlook for the 2026 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 2026, the Committee determined that base salary for the CEO should increase by 2.5% with effect from 1 January 2026, in line with the average salary increase for the wider workforce.

Executive Directors will be eligible to participate in the 2026 annual bonus, with a normal maximum opportunity of 125% of salary, subject to the achievement of stretching profit, other financial and strategic goals.

From 1 January 2026, the fees for the Non-executive Chair were increased by 2.5% to £97,375, while the fees for the other Non-executives were increased by 2.5% to £49,763. The Chair of the Remuneration Committee receives a further fee of £2,000 per annum.

The Committee is in the process of determining the approach for 2026 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.

I will be stepping down from the Board at the 2026 AGM following nine years as a Non-executive Director, and I would like to thank the members of the Remuneration Committee for their input and support during my tenure as Committee Chair.

Hilary Wright will take over as Chair of the Remuneration Committee with effect from the 2026 AGM.

Mike Ashley
Chair of the Remuneration Committee
16 March 2026

DIRECTORS' REMUNERATION REPORT

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 2025 and 2026 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 the 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. The 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 2x 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, typically a one-off award linked to a long-term growth plan.	Performance is measured over a minimum three-year performance period. Performance measures and targets are set for each performance period by the Committee.
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 that it considers to be similar in nature or effect.

Wider employee pay

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 CEO puts 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 2026, 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 employees in share ownership and is supportive of the Group's share participation and free share award programmes. At 31 December 2025, 70% of employees were either shareholders or participants in share awards that will vest in the next three years.

DIRECTORS' REMUNERATION REPORT continued

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

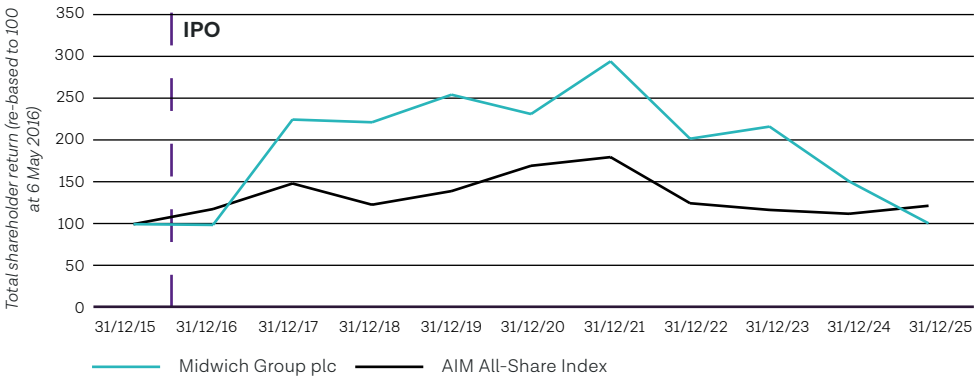
The Remuneration Committee will honour Executive Directors' contractual entitlements. Service agreements do not contain liquidated damages clauses. If a contract is to be terminated, the Remuneration Committee will determine such mitigation as it considers fair and reasonable in each case. There are 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 the 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).



ANNUAL REPORT ON REMUNERATION

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 2025 financial year. Comparative figures for the 2024 financial year have also been provided.

	Base salary		Benefits[1]		Pension[2]		Annual bonus		Total	
	2025 £'000	2024 £'000	**2025 £'000**	2024 £'000	**2025 £'000**	2024 £'000	**2025 £'000**	2024 £'000	**2025 £'000**	2024 £'000
Stephen Fenby	**380**	373	**14**	12	**20**	20	**95**	70	**509**	475
Stephen Lamb	**306**	300	**12**	16	**16**	16	**–**	56	**334**	388

1 The taxable benefits received in 2024 and 2025 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.

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

	Fees		Total	
	2025 £'000	2024 £'000	**2025 £'000**	2024 £'000
Andrew Herbert	**95**	93	**95**	93
Mike Ashley	**51**	50	**51**	50
Hilary Wright	**49**	48	**49**	48
Alison Seekings (from March 2024)	**49**	37	**49**	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	£380,052
Stephen Lamb	£306,153

Base salaries for the 2026 financial year are set out on page 78 of this report.

2025 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	60%	0%	n/a
Other financial KPIs	30%	10%	n/a
Strategic	10%	10%	n/a
Total	**100%**	**20%**	**n/a**

The following bonus awards were approved by the Remuneration Committee for the Executive Directors. No bonus is payable to the Group CFO as he resigned during the year.

Executive Director	Bonus awarded (% of maximum)	Bonus awarded (% of salary)	Bonus awarded (£'000)
Stephen Fenby	20%	25%	95
Stephen Lamb	n/a	n/a	n/a

The Remuneration Committee considers that the specific performance targets for the 2025 annual bonus awards remain commercially sensitive.

2023 LTIP vesting

The LTIP award was to incentivise the Group's leadership team to sustainably increase the scale and profitability of the Group as measured by 2025 adjusted profit before tax ("PBT") and adjusted EPS. For the Executive Directors, only the CFO was a participant in the award. Following his resignation in October 2025, the CFO's in-flight LTIP awards lapsed as a "bad leaver" in accordance with the remuneration policy and the scheme rules.

ANNUAL REPORT ON REMUNERATION continued

Long-term incentives granted in 2025

The 2025 LTIP award for the CEO was granted on 23 December 2025 over 600,000 nominal cost options (approximately 285% of salary) and operates as follows:

- Profit element (50%): Based on adjusted PBT targets for the year ending 31 December 2027. Subject to performance, this award will vest after three years.
- Absolute total shareholder returns ("TSR") element (50%): Assessed on the 60 day period immediately following the 2028 interim results.

The Committee considers that the adjusted PBT performance targets are commercially sensitive but will be disclosed retrospectively in the relevant Directors' Remuneration Report. The Absolute TSR performance targets are such that:

- 25% of this element of the award will vest for TSR of 35% over the performance period;
- 50% of this element of the award will vest for TSR of 55% over the performance period; and
- 100% of this element of the award will vest for TSR of 75% over the performance period.

The award will vest in December 2028 and will be subject to a two year post-vesting holding period.

Share interests

The interests of Directors and their connected persons in Ordinary Shares and share options as at 31 December 2025 are presented in the table below.

Director	Ordinary Shares at 31 December 2025[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	–	–	600,000	16.80%	8,595%
Stephen Lamb[3]	204,868	–	51,500	–	0.22%	144%
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	17,812,706	–	51,500	600,000	n/a	n/a

1 Including closely associated people.

2 Based on a share price of £1.86 and base salary on 31 December 2025. Vested but subject to a holding period shares are included in percentage shareholding after deducting an estimate for income tax.

3 In October 2025, Stephen Lamb exercised share options over 91,046 Ordinary Shares, with an exercise price of £0.01. The shares were exercised at share prices ranging from £1.88 to £1.93 and the resulting gain (before tax) was £171,507. He sold shares to cover taxes and other dealing costs and retained an interest in 45,523 shares.

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

Non-executive fees in 2025

Fees at the end of the financial period were:

	Fees
Andrew Herbert	£95,000
Mike Ashley[1]	£50,550
Hilary Wright	£48,550
Alison Seekings	£48,550

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

Non-executive Director fees for the 2026 financial year are set out on page 79 of this report.

Implementation of remuneration policy in 2026

Base salary

The salary of the CEO was increased by 2.5% from 1 January 2026, in line with the average increase for the wider workforce.

The table below sets out the base salaries effective from 1 January 2026 (with previous base salaries included for reference):

	As at 31 December 2025	**As at 1 January 2026**
Stephen Fenby	£380,052	**£389,553**
Stephen Lamb	£306,153	**£306,153**

Pension

Company pension contributions will remain at 6% of base salary. The CEO and CFO 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 CEO and CFO will be 125% of base salary. With a strong focus on net profit and profit margins, payouts will be determined by performance against the following targets:

- profit growth targets (up to 75% of salary);
- other financial KPIs (up to 37.5% of salary); and
- strategic/sustainability (up to 12.5% of salary).

Long-term incentive

The Committee is in the process of determining the approach for 2026 LTIP awards and will disclose the final details in due course.

Non-executive Director fees

The base fees for the Chair of the Board and Non-executive Directors were increased by 2.5% from 1 January 2026. An additional fee of £2,000 is payable to the Chair of the Remuneration Committee.

The table below sets out the 2026 fees for the Non-executive Directors (with previous fees included for reference):

	As at 31 December 2025	**As at 1 January 2026**
Andrew Herbert	£95,000	**£97,375**
Mike Ashley	£50,550[1]	**£51,763[1]**
Hilary Wright	£48,550	**£49,763**
Alison Seekings	£48,550	**£49,763**

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 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 was approved by the Board on 16 March 2026 and signed on its behalf by:

Mike Ashley
Chair of the Remuneration Committee
16 March 2026

DIRECTORS' REPORT

The Directors present their report and the financial statements of the Group for the year ended 31 December 2025. 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 50), stakeholder engagement (page 30), environmental reporting (page 34) and an indication of likely future developments for the Group (page 21).

Results and dividends

The loss after tax for the period amounted to £22.6m (2024: £17.0m profit).

The Company paid dividends in the year of £9.6m (2024: £17.1m). The Board will recommend a final dividend of 3.5p per share, at the AGM.

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 2027. 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 remaining broadly flat compared to 2025. The reverse stress test model is based on a decrease in revenue approximately £200m in comparison to 2025. Both scenarios also include the impact of changes in gross profit margin and other mitigations in respect of overheads, dividends 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 (plus some further defined add backs) ratio included in the alternative performance measures. The definition of the Interest Cover covenant is the adjusted EBITDA to adjusted net finance costs (plus some further defined add backs) ratio included in the alternative performance measures. The adjusted net debt in the Group Leverage covenant can be no higher than 3x the adjusted EBITDA. The adjusted EBITDA in the Interest Cover covenant must be at least 4x adjusted net finance costs. Under the base case scenario, neither the Group Leverage nor Interest Cover covenants are breached in 2026 or 2027.

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 marginally breach covenants in December 2026, which would provide sufficient time to implement the necessary actions to avoid this. In assessing the ability to withstand severe adverse trading conditions, the Directors have also considered mitigating actions available to them.

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

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 interests in the Ordinary Shares of the Company at 31 December 2025 are set out below:

	Ordinary Shares[1]	
	2025	2024
Stephen Fenby	**17,562,396**	17,562,396
Stephen Lamb	**204,868**	159,336
Andrew Herbert	**40,000**	40,000
Mike Ashley	**1,442**	1,442
Hilary Wright	**4,000**	4,000
Alison Seekings	**–**	–
	17,812,706	17,767,174

1 Including closely associated people.

Stephen Lamb resigned as Director on 27 February 2026 and Adam Councell was appointed on 2 March 2026.

The Executive Directors' interests in share options of the Company are detailed on page 78.

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 30 within the "Stakeholder Engagement" section of the Strategic Report.

The Board would like to thank its 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 26 February 2026:

	Number of shares	%
Midwich Group plc Directors and related parties	17,767,183	17.04%
Liontrust Asset Management PLC	13,890,004	13.29%
Octopus Capital Limited	12,536,122	11.99%
abrdn	5,609,194	5.37%
Rorema Beheer B.V.	5,264,879	5.04%
Granular Capital Ltd	4,049,765	3.87%
Rational Investment Group LP	3,427,467	3.28%
Hauser Brothers GmbH	3,336,039	3.19%

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
16 March 2026

Company registration number: 08793266

INDEPENDENT AUDITOR'S REPORT

To the members of Midwich Group plc

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 2025 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 2025 and of the Group's loss 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 — Impairment of goodwill — Carrying value of the ERP intangible asset Parent Company — No key audit matters have been identified
Materiality	Group — Overall materiality: £3,000,000 (2024: £3,000,000) — Performance materiality: £2,100,000 (2024: £1,950,000) Parent Company — Overall materiality: £1,410,000 (2024: £1,470,000) — Performance materiality: £988,000 (2024: £956,000)
Scope	Our audit procedures covered 90% of revenue, 92% of total assets and 99% 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 Standards on Auditing (UK) 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 observations	Our audit procedures identified an immaterial level of sales 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.

Key audit matters continued

Impairment of goodwill

Key audit matter description	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 judgements and 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 relatively 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 adopted 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. — undertaken 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 £2.3 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.

Carrying value of the ERP intangible asset

Key audit matter description	The Group has developed an ERP systems solution that was implemented in France in the prior year. During the current year the Group has reconsidered its plans and will no longer roll-out the system to other countries. This has resulted in an impairment of £27.0 million, reducing the value of the intangible to £2.5 million representing the value in use of the instance of the ERP system that will continue to be used in France.
How the matter was addressed in the audit	We have obtained and challenged management's impairment assessment. This included consideration of the reasonableness of the carrying value of the retained asset against the costs of implementing a similar system. We assessed the adequacy of disclosures in note 6 and note 14.
Key observations	The impairment recorded, the explanation of how it arose and the disclosure of how the impairment was calculated was assessed as reasonable.

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 (2024: £3,000,000)	£1,410,000 (2024: £1,470,000)
Basis for determining overall materiality	9.8% of adjusted profit before tax	1.0% 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	£2,100,000 (2024: £1,950,000)	£988,000 (2024: £956,000)
Basis for determining performance materiality	70% (2024: 65%) of overall materiality	70% (2024: 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 £71,000 and misstatements below that threshold that, in our view, warranted reporting on qualitative grounds.

In setting performance materiality, we considered our findings from the previous year and expected results from our planning procedures which resulted in us uplifting the % applied in overall materiality. The final level of performance materiality is considered reasonable to detect errors.

INDEPENDENT AUDITOR'S REPORT continued

To the members of Midwich Group plc

An overview of the scope of our audit

The Group consists of 42 components, located in the following countries: Australia, Austria, Canada, England and Wales, France, Germany, Indonesia, Italy, Malaysia, Morocco, The Netherlands, New Zealand, Norway, Qatar, Republic of Ireland, Saudi Arabia, Singapore, Spain, Portugal, Switzerland, United Arab Emirates; and the United States of America.

	Number of components	Revenue	Total assets	Profit before tax
Full scope audit	11	78%	67%	77%
Specific audit procedures	4	12%	25%	22%
Total	**15**	**90%**	**92%**	**99%**

Of the above, full scope audits for 7 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 81, 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 framework;
- 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 the 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.

INDEPENDENT AUDITOR'S REPORT continued

To the members of Midwich Group plc

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
16 March 2026

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31 December 2025

	Notes	2025 £'000	2024 £'000
Revenue	3	**1,291,767**	1,317,013
Cost of sales		**(1,063,755)**	(1,082,683)
Gross profit		**228,012**	234,330
Selling and distribution costs		**(154,152)**	(155,690)
Administrative expenses		**(99,148)**	(63,007)
Other operating income	4	**10,430**	8,500
Operating (loss)/profit	5	**(14,858)**	24,133
Comprising			
Adjusted operating profit		**43,626**	48,880
Acquisition costs	36	**(185)**	(1,124)
Exited businesses	2	**(1,860)**	(581)
Exceptional items	6	**(38,296)**	(11,962)
Share based payments	34	**(4,493)**	888
Employer taxes on share based payments	34	**(161)**	419
Amortisation of brands, customer relationships, and supplier relationships	15	**(13,489)**	(12,387)
		(14,858)	24,133
Share of profit after tax from associate	13	**–**	84
Other gains and losses	8	**(2,577)**	8,621
Finance income		**1,030**	812
Finance costs	9	**(14,105)**	(11,339)
(Loss)/profit before taxation		**(30,510)**	22,311
Taxation	10	**7,929**	(5,349)
(Loss)/profit after taxation		**(22,581)**	16,962
(Loss)/profit for the financial year attributable to:			
The Company's equity shareholders		**(22,581)**	16,030
Non-controlling interest		**–**	932
		(22,581)	16,962
Basic (loss)/earnings per share	11	**(21.92)p**	15.69p
Diluted (loss)/earnings per share	11	**(21.92)p**	15.18p

The financial statements are also comprised of the notes on pages 91 to 130.

	Notes	2025 £'000	2024 £'000
(Loss)/profit for the financial year		**(22,581)**	16,962
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss:			
Actuarial losses on retirement benefit obligations	31	**(75)**	(286)
Taxation		**8**	–
Items that may be reclassified subsequently to profit or loss:			
Foreign exchange losses on consolidation		**(275)**	(5,483)
Other comprehensive income for the financial year, net of tax		**(342)**	(5,769)
Total comprehensive income for the year		**(22,923)**	11,193
Attributable to:			
Owners of the Parent Company		**(22,923)**	10,696
Non-controlling interests		**–**	497
Total comprehensive income for the year		**(22,923)**	11,193

The financial statements are also comprised of the notes on pages 91 to 130.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 31 December 2025

	Notes	2025 £'000	2024 £'000
Assets			
Non-current assets			
Investments	13	**910**	393
Goodwill	14	**60,443**	60,418
Intangible assets	15	**82,300**	123,547
Right of use assets	16	**17,849**	19,038
Property, plant and equipment	17	**18,372**	19,709
Derivative financial instruments	22	**741**	1,608
Deferred tax assets	10	**–**	151
		180,615	224,864
Current assets			
Inventories	18	**185,091**	174,448
Derivative financial instruments	22	**427**	572
Current tax asset		**3,445**	4,057
Trade and other receivables	19	**201,753**	197,562
Cash and cash equivalents		**53,983**	49,160
		444,699	425,799
Liabilities			
Current liabilities			
Trade and other payables	20	**(242,982)**	(213,567)
Put option liabilities over non-controlling interests	23	**(4,651)**	(11,682)
Deferred and contingent considerations	24	**(398)**	(3,835)
Borrowings and financial liabilities	25	**(37,115)**	(45,048)
Current tax liabilities		**(1,856)**	(1,339)
		(287,002)	(275,471)
Net current assets		**157,697**	150,328
Total assets less current liabilities		**338,312**	375,192

	Notes	2025 £'000	2024 £'000
Non-current liabilities			
Trade and other payables	20	**(1,358)**	(2,645)
Deferred and contingent considerations	24	**(1,719)**	(1,758)
Borrowings and financial liabilities	25	**(163,940)**	(157,541)
Deferred tax liabilities	10	**(7,833)**	(20,574)
Retirement benefit obligations	31	**(2,025)**	(2,005)
Provisions	21	**(1,366)**	(1,515)
		(178,241)	(186,038)
Net assets		**160,071**	189,154

	Notes	2025 £'000	2024 £'000
Equity			
Share capital	32	**1,045**	1,042
Share premium		**116,959**	116,959
Share based payment reserve		**5,247**	5,489
Investment in own shares		**(612)**	(616)
Retained earnings		**42,163**	69,739
Translation reserve		**(4,931)**	(4,656)
Put option reserve		**–**	(6,933)
Capital redemption reserve		**50**	50
Other reserve		**150**	150
Equity attributable to owners of the Parent Company		**160,071**	181,224
Non-controlling interests		**–**	7,930
Total equity		**160,071**	189,154

The financial statements are also comprised of the notes on pages 91 to 130. The financial statements were approved by the Board of Directors and authorised for issue on 16 March 2026 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 2025

	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 2025	**1,042**	**116,959**	**(616)**	**69,739**	**(5,900)**	**181,224**	**7,930**	**189,154**
Loss for the year	**–**	**–**	**–**	**(22,581)**	**–**	**(22,581)**	**–**	**(22,581)**
Other comprehensive income	**–**	**–**	**–**	**(67)**	**(275)**	**(342)**	**–**	**(342)**
Total comprehensive income for the year	**–**	**–**	**–**	**(22,648)**	**(275)**	**(22,923)**	**–**	**(22,923)**
Shares issued (note 32)	**3**	**–**	**(3)**	**–**	**–**	**–**	**–**	**–**
Share based payments	**–**	**–**	**–**	**–**	**4,353**	**4,353**	**–**	**4,353**
Deferred tax on share based payments	**–**	**–**	**–**	**–**	**(952)**	**(952)**	**–**	**(952)**
Share options exercised	**–**	**–**	**7**	**3,642**	**(3,643)**	**6**	**–**	**6**
Acquisition of non-controlling interest (note 35)	**–**	**–**	**–**	**997**	**6,933**	**7,930**	**(7,930)**	**–**
Dividends paid (note 38)	**–**	**–**	**–**	**(9,567)**	**–**	**(9,567)**	**–**	**(9,567)**
Transactions with owners	**3**	**–**	**4**	**(4,928)**	**6,691**	**1,770**	**(7,930)**	**(6,160)**
Balance at 31 December 2025	**1,045**	**116,959**	**(612)**	**42,163**	**516**	**160,071**	**–**	**160,071**

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

The financial statements are also comprised of the notes on pages 91 to 130.

CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 31 December 2025

	Notes	2025 £'000	2024 £'000
Cash flows from operating activities			
(Loss)/profit before tax		**(30,510)**	22,311
Depreciation		**11,637**	10,568
Amortisation		**13,905**	12,675
Loss on disposals		**4,694**	4,637
Impairments of assets	6	**27,035**	–
Share based payments		**4,353**	(957)
Foreign exchange gains		**836**	(3,108)
Gain on remeasurement of previously held equity		**–**	(1,205)
Share of profit after tax from associate		**–**	(84)
Purchase of derivatives		**(491)**	–
Finance income		**(1,030)**	(812)
Finance costs and other gains and losses		**16,682**	3,923
Cash inflow from operations before changes in working capital		**47,111**	47,948
Increase in inventories		**(10,643)**	(8,112)
(Increase)/decrease in trade and other receivables		**(4,191)**	13,778
Increase/(decrease) in trade and other payables		**27,924**	(7,566)
Cash inflow from operations		**60,201**	46,048
Income tax paid		**(4,554)**	(10,764)
Net cash inflow from operating activities		**55,647**	35,284
Cash flows from investing activities			
Acquisition of subsidiaries net of cash acquired	36	**–**	(12,937)
Deferred and contingent consideration paid	24	**(3,781)**	(12,993)
Purchase of investments held for trading	13	**(517)**	(393)
Purchase of intangible assets		**(5,544)**	(9,487)
Purchase of plant and equipment		**(5,374)**	(5,414)
Proceeds on disposal of plant and equipment		**384**	401
Interest received		**1,030**	812
Net cash used in investing activities		**(13,802)**	(40,011)

	Notes	2025 £'000	2024 £'000
Net cash flows from financing activities			
Proceeds on exercise of share options	34	**6**	7
Acquisition of non-controlling interest	35	**(6,798)**	(11,853)
Dividends paid	38	**(9,567)**	(17,118)
Invoice financing and short term borrowing outflows	25	**(7,718)**	(4,671)
Proceeds from borrowings	25	**8,988**	49,333
Repayment of loans	25	**(1,447)**	(884)
Interest paid		**(13,323)**	(10,712)
Interest on leases		**(781)**	(779)
Capital element of lease payments	25	**(5,495)**	(4,628)
Net cash outflow from financing activities		**(36,135)**	(1,305)
Net increase/(decrease) in cash and cash equivalents		**5,710**	(6,032)
Cash and cash equivalents at beginning of financial year		**45,403**	52,053
Effects of exchange rate changes		**(59)**	(618)
Cash and cash equivalents at end of financial year		**51,054**	45,403
Comprising:			
Cash at bank		**53,983**	49,160
Bank overdrafts		**(2,929)**	(3,757)
		51,054	45,403

The financial statements are also comprised of the notes on pages 91 to 130. A reconciliation of debt is included in note 25.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. Accounting policies

General information and nature of operations

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

Basis of preparation

The consolidated financial statements of Midwich Group plc have been prepared in accordance with International Accounting Standards ("IAS") adopted in the United Kingdom of Great Britain and Northern Ireland ("United Kingdom" and "UK") 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 the fair value of consideration transferred, the recognised amount of any non-controlling interest in the acquiree, and the acquisition date fair value of any existing equity interest in the acquiree, less 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 is a gain on a bargain purchase and 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. Net assets previously attributable to non-controlling shareholders are not measured to fair value.

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 2027.

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 remaining broadly flat compared to 2025. The reverse stress test model is based on a decrease in revenue of approximately £200m in comparison to 2025. 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") and secured invoice discounting facilities. The RCF expires in 2028 and the secured invoice discounting facilities require renewal within 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. Neither of the covenants are breached in 2026 or 2027 under the base case scenario.

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 December 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

1. Accounting policies continued

Going concern 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 will continue to focus on profitable organic growth complemented by targeted acquisitions.

Foreign currency

The presentation currency for the Group's consolidated financial statements and the Company's separate financial statements is Sterling. The Company's functional currency 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 including transport and carriage, and the rental of products.

Revenue from the sale of goods is recognised 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 contract based on estimated cost plus margin. Revenues from support services, transport, and warranties are recognised on a straight line basis 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. Promotional income from suppliers does not relate to the purchase of inventory and is recognised within other operating income when earnt.

Exceptional items

Exceptional items are amounts that are disclosed separately to provide transparency and comparability to enable a better understanding of the Group's financial performance.

Other gains and losses

Other gains and losses comprise gains and losses on derivative financial instruments, borrowings, deferred and contingent considerations, put option liabilities, and equity interests.

Gains and losses on derivative financial instruments arise from the subsequent remeasurement in the fair value of the instruments. Gains and losses on borrowings occur due to movements in foreign exchange rates. Gains and losses on deferred and contingent considerations include amortised interest, foreign exchange gains and losses, and changes in fair value of the instruments. Gains and losses on 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.

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.

Investments

Investments that are held for trading are measured at fair value. Changes in fair value are recognised as a profit or loss within the income statement. Investments in associates are initially recognised at cost and subsequently accounted for using the equity method, which includes the Group's share of profit after tax from acquisition.

1. Accounting policies continued

Goodwill

Goodwill represents the future economic benefits arising from business combinations that 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 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 - 10 years
- Brands — 3 - 15 years
- Customer relationships — 5 - 15 years
- Supplier relationships — 5 - 15 years

Where the Group holds a brand name as an acquired intangible asset for an operation that undergoes a rebranding the useful economic life of the brand is assessed. The brand name of an operation that rebrands is treated as a defensive asset and the useful economic life of the asset is shortened to within 2 years of the date the rebranding occurred. No intangible asset is recognised in respect of the new internally generated brand name that replaces the brand name that was recognised as an acquired intangible asset.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

1. Accounting policies continued

Property, plant and equipment continued

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

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 including write down 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 income statement.

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.

1. Accounting policies continued

Financial liabilities continued

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, excluding contingent considerations, are reported as an investing cash flows because they are cash flows that arise from obtaining control of subsidiaries.

Cash flows in respect of contingent considerations are reported as an investing cash flows except for the amount of cash outflows that are greater than the initial value of contingent consideration recognised, which are recognised as operating cash flows.

Trade and other receivables

Trade and other receivables, including intercompany receivables, 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. The fair value of trade and other receivables that contain a significant financing component 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. The simplified approach is also applied 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

1. Accounting policies continued

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 put option liability is recalculated at the present value of the modified contractual cash flows discounted at the 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 United Kingdom and foreign tax rates and laws that have been enacted or substantively enacted by the end of the reporting period date.

Deferred taxation

Deferred taxation is calculated using the liability method. Deferred tax is calculated 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.

Current tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and there is an intention to settle the balances on a net basis. Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset the equivalent current tax assets against current tax liabilities and when the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority of 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.

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 that require contributions to separately managed funds. Both defined benefit pension plans are final salary pension schemes that 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 Company and the non-controlling interests based on their respective ownership interests.

1. Accounting policies continued

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 fair values of market conditions have been incorporated into the Black Scholes models using Monte Carlo simulations. The Monte Carlo simulations calculate the likelihood that the market conditions will be satisfied and adjusts the fair value of option calculated using the Black Scholes model accordingly.

The cost of equity settled share based payment transactions is recognised with a corresponding increase in equity. 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. Equity settled share based payments are recognised over the period from the grant date to the vesting date. The vesting date is when the employees become entitled to the award if performance and service conditions have been satisfied.

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 share options that will ultimately vest based on non-market conditions. Changes in the number of share options that will ultimately vest based on the satisfaction of market conditions are not reflected in the cumulative expense. However, the fair value of the market condition is incorporated into the grant date fair value of the option being expensed over the vesting period. 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 unless the awards do not vest due to the failure to satisfy a market condition. The cost of the goods and services for share options with market conditions is recognised irrespective of whether market conditions are satisfied to the extent that all other non-market performance and 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 Chief Executive, 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 21 Lack of Exchangeability – clarification on when a currency is exchangeable and how to determine the rate when it is not exchangeable.

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. The Group is currently reviewing the effects of IFRS 18 Presentation and Disclosure in Financial Statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

1. Accounting policies continued

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, operating profits or losses of exited businesses (see below), 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, operating profits or losses of exited businesses, 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 excluding those of exited businesses.
- **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 profit after tax attributable to non-controlling interest:** This represents non-controlling interest less the impact of adjusting items included within adjusted profit after tax.
- **Adjusted EPS:** This is EPS calculated based on adjusted profit after tax minus adjusted non-controlling interest share of profit after tax instead of profit after tax minus non-controlling interest share of profit after tax.
- **Adjusted net debt:** This is net debt excluding lease liabilities. Net debt is borrowings less cash and cash equivalents.
- **Adjusted return on capital employed:** adjusted operating profit divided by adjusted capital employed.
- **Adjusted capital employed:** Total equity, plus net debt, plus accumulated amortisation on intangible assets measured at fair value in business combinations, minus right of use assets, and minus acquisition liabilities. Acquisition liabilities comprise deferred considerations, which includes 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 cash flow from operations:** This is adjusted EBITDA plus movements in inventories, trade and other receivables and the adjusted increase/(decrease) in trade and other payables.
- **Adjusted cash flow conversion:** This is the percentage of adjusted cash flow from operations 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 excludes pension costs and 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 excludes pension costs and includes the benefit of proforma annualised earnings for acquisitions completed in the last 12 months.

Exited businesses are business activities that are sold, disposed of, or committed to closure during the financial year. Exited businesses are identified separately for the purpose of reporting revenue and alternative performance measures. The results of exited businesses are disclosed separately for the current and prior year as an alternative performance measure. Exited businesses do not meet the definition of discontinued operations in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations because they are not separate major lines of business and do not represent major geographical regions. Therefore, the results are not restated for the disclosure of a discontinued operation. However, exited businesses are presented separately in the current and prior year as an alternative performance measure. Further details of exited businesses are included in note 2.

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.

1. Accounting policies continued

Accounting judgements and sources of estimation uncertainty

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

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

Put options over non-controlling interests

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

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

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

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

If the Group judges that changes in performance of the underlying entity that result in a variation of the amount payable for the put option constitute a modification of the contractual cash flows, then the Group is required to 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 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. The carrying value of the Group's Enterprise Resource Planning system is also a source of estimation uncertainty as disclosed below.

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 an 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

1. Accounting policies continued

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 for its impairment review of the carrying value of goodwill and for impairment assessments of acquired intangible assets.

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

Inventory write down

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

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

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

If each write down percentage applied to inventory were increased by 10 percentage points then the total write down against inventory held at the reporting date would increase by £5,972k. 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 10 percentage points then the total write down against inventory held at the reporting date would decrease by £5,758k. This decrease is subject to a minimum write down of 0%.

Fair value of separately identifiable intangible assets in business combinations

The Group is required to calculate the fair value of identifiable assets and liabilities acquired in business combinations. To estimate the fair value of separately identifiable assets in business combinations, certain assumptions must be made about future trading performance, royalty rates, customer attrition rates, and supplier contract renewal rates. The fair values of assets and liabilities acquired in business combinations are disclosed in note 36. 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. The put option liabilities are subsequently remeasured to present value when there are modifications in the contractual cash flows during the year.

The Group uses 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. 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 £60,443k (2024: £60,418k) and in the prior year had assets arising from development that are not available for use of £632k. These assets are required to be tested for impairment annually. In addition to assets that are required to be tested annually, the Group also recognised an impairment in respect of an intangible asset that has indications of impairment.

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 of appropriate discount rates.

The Group has used reasonable and prudent assumptions over forecast profitability and cash flows to calculate recoverable amounts. Changes to the calculation of recoverable amounts 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 an increase or decrease in impairments. 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. Information on the calculation of the impairment of assets that have indications of impairment are provided in note 15.

2. Segmental reporting

Operating segments

For the purposes of segmental reporting, the Group's Chief Operating Decision Maker ("CODM") is the Chief Executive. The Group distributes 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.

Year ended 31 December 2025

	UK & Ireland £'000	EMEA £'000	Asia Pacific £'000	North America £'000	Other £'000	Total £'000
Revenue	**508,273**	**537,871**	**44,012**	**201,611**	**–**	**1,291,767**
Gross profit	**94,478**	**90,454**	**7,292**	**35,788**	**–**	**228,012**
Gross profit %	**18.6%**	**16.8%**	**16.6%**	**17.8%**	**–**	**17.7%**
Adjusted operating profit/(loss)	**25,665**	**19,912**	**(612)**	**5,151**	**(6,490)**	**43,626**
Costs of acquisitions	**–**	**–**	**–**	**–**	**(185)**	**(185)**
Exited businesses	**–**	**(1,077)**	**–**	**(783)**	**–**	**(1,860)**
Restructuring costs	**(1,826)**	**(4,526)**	**(111)**	**(1,942)**	**(246)**	**(8,651)**
Impairments and derecognition of assets	**(27,035)**	**(298)**	**–**	**(4,090)**	**–**	**(31,423)**
Insurance claim for inventory fire loss	**–**	**1,778**	**–**	**–**	**–**	**1,778**
Share based payments	**(1,680)**	**(1,150)**	**(113)**	**(388)**	**(1,162)**	**(4,493)**
Employer taxes on share based payments	**(46)**	**(33)**	**1**	**(10)**	**(73)**	**(161)**
Amortisation of brands, customer and supplier relationships	**(5,392)**	**(4,089)**	**(236)**	**(3,772)**	**–**	**(13,489)**
Operating (loss)/profit	**(10,314)**	**10,517**	**(1,071)**	**(5,834)**	**(8,156)**	**(14,858)**
Other gains and losses, and interest						**(15,652)**
Loss before taxation						**(30,510)**

	UK & Ireland £'000	EMEA £'000	Asia Pacific £'000	North America £'000	Other £'000	Total £'000
Segment net assets						
Segment assets	**269,498**	**241,816**	**20,436**	**93,507**	**57**	**625,314**
Segment liabilities	**(229,562)**	**(155,216)**	**(20,409)**	**(59,630)**	**(426)**	**(465,243)**
	39,936	**86,600**	**27**	**33,877**	**(369)**	**160,071**
Depreciation	**5,673**	**3,998**	**723**	**1,243**	**–**	**11,637**
Amortisation	**5,584**	**4,119**	**254**	**3,948**	**–**	**13,905**
Impairment	**27,035**	**–**	**–**	**–**	**–**	**27,035**

	UK £'000	Germany £'000	USA £'000	Other £'000	Total £'000
Segment country information					
Non-current assets excluding deferred tax and derivatives	**84,752**	**25,021**	**18,889**	**51,212**	**179,874**

Year ended 31 December 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	25,196	(826)	9,509	(4,727)	48,880
Costs of acquisitions	–	–	–	–	(1,124)	(1,124)
Exited businesses	–	(404)	–	(177)	–	(581)
Restructuring costs	(874)	(1,500)	(92)	(498)	(56)	(3,020)
Derecognition of assets	(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 taxation						22,311

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

2. Segmental reporting continued

Operating segments continued

	UK & Ireland £'000	EMEA £'000	Asia Pacific £'000	North America £'000	Other £'000	Total £'000
Segment net assets						
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)
	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

	UK £'000	Germany £'000	USA £'000	Other £'000	Total £'000
Segment country information					
Non-current assets excluding deferred tax and derivatives	95,797	25,685	27,127	74,496	223,105

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 United Kingdom, being the domicile of the Company, amounted to £480,187k (2024: £455,935k). Revenue from Germany amounted to £168,774k (2024: £225,376k) and revenue from the USA amounted to £143,011k (2024: £152,987k). 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 £21,901k (2024: £16,632k) of intercompany sales. The EMEA segment made £48,590k (2024: £40,788k) of intercompany sales. The Asia Pacific segment made £425k (2024: £640k) of intercompany sales. The North America segment made £136k (2024: £148k) of intercompany sales.

No single customer contributed 10% or more to the Group's revenue in any period presented.

Exited businesses

Exited businesses include certain results in the EMEA and North America ("NA") segments.

The results of exited businesses included within the segments for each year is as follows:

Year ended 31 December 2025

2025	EMEA exited businesses £'000	NA exited businesses £'000	Total £'000
Revenue	**20,295**	**656**	**20,951**
Gross profit	**2,184**	**656**	**2,840**
Gross profit %	**10.8%**	**100.0%**	**13.6%**
Operating loss	**(1,077)**	**(783)**	**(1,860)**
Finance cost	**(145)**	**(12)**	**(157)**
Loss before taxation	**(1,222)**	**(795)**	**(2,017)**
Taxation	**183**	**207**	**390**
Loss after taxation	**(1,039)**	**(588)**	**(1,627)**

Year ended 31 December 2024

2024	EMEA exited businesses £'000	NA exited businesses £'000	Total £'000
Revenue	23,455	4,034	27,489
Gross profit	2,945	2,575	5,520
Gross profit %	12.6%	63.8%	20.1%
Operating loss	(404)	(177)	(581)
Finance cost	(295)	(17)	(312)
Loss before taxation	(699)	(194)	(893)
Taxation	105	50	155
Loss after taxation	(594)	(144)	(738)

The exited businesses in the EMEA segment are the results of the EMEA's operations in Switzerland under the MobilePro brand name. The MobilePro brand name was acquired on 17 January 2019 as part of the acquisition of MobilePro AG.

The exited businesses in the North America segment are the results of the North America's operations in the West Coast of the USA under The Farm brand name. The Farm brand name was acquired on 19 January 2024 as part of the acquisition of The Farm Norcal LLC and The Farm North West LLC.

3. Revenue

Revenue is all derived from continuing operations. The analysis of revenue by category:

	2025 £'000	2024 £'000
Sale of goods and ancillary services at a point in time	**1,253,356**	1,278,181
Ancillary services recognised over time	**35,135**	34,481
Rental of goods (operating lease income)	**3,276**	4,351
	1,291,767	1,317,013

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 1 year are not material for the Group.

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

	2025 £'000	2024 £'000
Promotional income from suppliers	**8,409**	8,313
Insurance claims	**1,778**	–
Other income	**243**	187
	10,430	8,500

5. Operating (loss)/profit

Operating (loss)/profit is stated after charging:

	2025 £'000	2024 £'000
Auditor's remuneration for services in relation to the Company	**188**	170
Auditor's remuneration for services in relation to the subsidiaries	**1,017**	858
Net (gain)/loss on foreign exchange	**(307)**	191
Short term lease cost	**1,911**	1,762

6. Exceptional items

	2025 £'000	2024 £'000
Restructuring costs	**8,651**	3,020
Losses on derecognition of acquired intangibles	**4,388**	–
Losses on derecognition of development costs	**–**	4,651
Impairment of Enterprise Resource Planning ("ERP") software asset	**27,035**	–
Losses of inventory due to fire	**–**	4,291
Insurance claim for inventory losses due to fire	**(1,778)**	–
	38,296	11,962

All exceptional items have all been recognised in administrative expenses apart from the insurance claim, which is in other income.

The Group's restructuring costs were incurred for reorganising its operations in all geographies. Restructuring costs include the costs of reorganising business activities including redundancies, the costs of closing unprofitable business lines, and the costs associated with exiting business operations.

The losses on derecognition of acquired intangible assets relate to the derecognition of brand names, customer relationships, and supplier relationships related to the exited businesses. The acquired intangible assets were derecognised as they related to exited businesses. See note 2 for details of the exited businesses.

The loss on derecognition of development costs arose in 2024 on the initial deployment of the Group's ERP system. The derecognition costs related to a pilot prototype developed during the creation of the main platform. The carrying value of the asset was derecognised when the main platform became available for use.

The impairment loss on the ERP software asset occurred due to the Group's decision to reassess the deployment of the system. The Group altered its plans for the deployment of the ERP system to pursue the benefits of digital tools and AI, and our reassessment of the cost, pace, and risk associated with the ERP deployment. The revised deployment significantly reduced the available benefits from the asset that had been capitalised and resulted in an impairment. The carrying value of the ERP was impaired down to a value of £2,499k representing the value in use for the instance of the ERP that has been deployed. Further details of the impairment are provided in note 15.

The loss of inventory due to fire occurred in the United Arab Emirates on 21 December 2024. The fire resulted in the total loss of the Group's inventory at that location. The Group has adequate insurance to recover the loss of inventory and any resulting disruption to trade. Further details are available in note 39.

The insurance claim relates to a claim for inventory lost in the warehouse fire. The claim has been agreed with the insurer and was partly settled during the year with the outstanding amount of the claim to be settled in 2026. Further details are included within note 39.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

7. Directors and employees

The aggregate payroll costs of the employees were as follows:

	2025 £'000	2024 £'000
Staff costs		
Wages and salaries	**89,757**	90,762
Social security costs	**12,847**	12,071
Pension costs	**2,341**	4,034
	104,945	106,867

Average monthly number of persons, including Directors, employed by the Group during the year was as follows:

	2025 Number	2024 Number
By activity:		
Administration	**363**	411
Sales and distribution	**1,496**	1,528
	1,859	1,939

	2025 £'000	2024 £'000
Remuneration of Directors		
Remuneration	**1,051**	1,055
Gains on the exercise of share options	**172**	1,062
Employer contribution to defined contribution schemes[1]	**36**	36

	2025 £'000	2024 £'000
Emoluments of the highest paid Director		
Remuneration	**489**	372
Gains on the exercise of share options	**–**	949
Employer contribution to defined contribution scheme[1]	**20**	16

1 Pension contributions were delivered as a salary supplement.

600,000 (2024: 165,714) share options were granted to Directors under the Long Term Incentive Plan. 91,046 (2024: 262,316) share options held by Directors under the Long Term Incentive Plan were exercised during the year.

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)

	2025 £'000	2024 £'000
Foreign exchange derivative (losses)/gains	**(185)**	396
Investment derivative (losses)/gains	**(19)**	1
Borrowings derivative losses	**(1,298)**	(423)
Foreign exchange (losses)/gains on borrowings	**(975)**	1,631
Gains on deferred and contingent considerations	**121**	7,499
Losses on deferred and contingent considerations	**(454)**	(854)
Gains on put option liabilities	**233**	865
Losses on put option liabilities	**–**	(1,699)
Gain on remeasurement of previously held equity interest (see note 13)	**–**	1,205
	(2,577)	8,621

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

	2025 £'000	2024 £'000
Interest on overdraft and invoice discounting	**3,404**	2,780
Interest on leases	**781**	779
Interest on loans	**9,836**	7,698
Other interest costs	**84**	82
	14,105	11,339

Interest costs of £80k (2024: £1,547k) 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 in the current and prior year. See note 15 for further details of intangible assets arising from development.

10. Taxation

Analysis of (credit)/charge

	2025 £'000	2024 £'000
Current tax		
UK corporation tax for the current year	**198**	1,053
Pillar Two corporation tax for the current year	**–**	447
Adjustment in respect of prior years	**(46)**	125
Total UK current tax	**152**	1,625
Overseas tax for the current year	**4,186**	6,712
Pillar Two corporation tax for the current year	**620**	51
Adjustment in respect of prior years	**708**	(1,351)
Total overseas current tax	**5,514**	5,412
Total current tax	**5,666**	7,037
Deferred tax		
Deferred tax for the current year	**(12,779)**	(2,436)
Adjustment in respect of prior years	**(816)**	748
Total deferred tax	**(13,595)**	(1,688)
Tax (credit)/charge	**(7,929)**	5,349

In addition to the amounts recognised in the income statement, £952k (2024: £115k) of deferred tax has been charged to equity and £8k (2024: nil) of deferred tax has been credited to other comprehensive income.

The reasons for the differences between the actual tax (credit)/charge for the year and the standard rate of corporation tax in the United Kingdom applied to (losses)/profits for the year are as follows:

Reconciliation of the effective tax charge:

	2025 £'000	2024 £'000
(Loss)/profit on ordinary activities before taxation	**(30,510)**	22,311
(Loss)/profit on ordinary activities multiplied by the standard rate of corporation tax in the UK for the period of 25% (2024: 25%)	**(7,627)**	5,578
Factors affecting tax expense for the year:		
Adjustment in respect of prior years	**(154)**	(478)
Tax losses with no available relief	**639**	593
Other permanent differences	**636**	(1,228)
Effects of different tax rates in foreign jurisdictions	**(2,043)**	75
Pillar Two corporation tax	**620**	498
Effects of changes in tax rates in all jurisdictions	**–**	311
Total tax (credit)/charge	**(7,929)**	5,349

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 additional tax on profits of its subsidiaries that are taxed at an effective tax rate of less than 15%. 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 its potential exposure to Pillar Two income taxes for the year ended 31 December 2025. 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, Qatar and the Republic of Ireland. The Group has recognised a current tax expense of £620k (2024: £498k) related to the Pillar Two top up tax. 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, United Arab Emirates and Qatar have statutory corporation tax rates of 12.5%, 9% and 10% respectively. Neither the United Arab Emirates nor Qatar had a qualified domestic minimum top up tax to increase the rate to 15% in 2024.

The Group continues to monitor and assess the impact of the Pillar Two income taxes legislation on its future financial performance and the proportion of profit before tax.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

10. Taxation continued

Analysis of (credit)/charge continued

The Group has unutilised tax losses in various tax jurisdictions at each reporting date as follows:

	2025 £'000	2024 £'000
Unutilised losses		
United Kingdom	**27,020**	–
France	**1,527**	543
Australia	**2,004**	1,026
New Zealand	**171**	95
Germany	**8,512**	–
Netherlands	**177**	225
Switzerland	**1,124**	743
Singapore	**785**	402
United States of America	**7,598**	–
Austria	**465**	–
Canada	**1,402**	–
Malaysia	**48**	–
Indonesia	**15**	–

The losses are available to offset future taxable profits within the companies they arose indefinitely, except for the losses in Switzerland, Canada and Indonesia, which are restricted to 7 years, 20 years, and 5 years respectively.

Deferred tax assets have been recognised in respect of tax losses only to the extent they can offset deferred tax liabilities arising within the same tax jurisdiction. The recognition of deferred tax assets on some tax losses have been restricted where the tax losses 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.

The Group has restricted deferred tax assets on the following tax losses in various tax jurisdictions at each reporting date as follows:

	2025 £'000	2024 £'000
Losses on which deferred tax assets have not been recognised		
France	**377**	–
Australia	**538**	–
New Zealand	**47**	–
Switzerland	**141**	–
Singapore	**131**	–
United States of America	**1,193**	–
Austria	**109**	–
Malaysia	**12**	–
Indonesia	**3**	–

Deferred tax

	Accelerated allowance liabilities £'000	Deferred tax on losses £'000	Company share schemes £'000	Total £'000
At 1 January 2024	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
Credited to income statement	(1,892)	(10,755)	(948)	(13,595)
Credited to other comprehensive income	(8)	–	–	(8)
Charged to equity	–	–	952	952
Foreign exchange movements	100	(39)	–	61
At 31 December 2025	**19,115**	**(10,794)**	**(488)**	**7,833**

	2025 £'000	2024 £'000
Deferred tax asset	**–**	151
Deferred tax liability	**(7,833)**	(20,574)
Net deferred liability	**(7,833)**	(20,423)

11. (Loss)/earnings per share

Basic (loss)/earnings per share is calculated by dividing the profit/(loss) 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 (loss)/earnings per share is calculated by dividing the (loss)/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.

	2025	2024
(Loss)/profit attributable to equity holders of the Group (£'000)	**(22,581)**	16,030
Weighted average number of shares in outstanding	**103,020,581**	102,164,466
Potentially dilutive effect of the Group's share option schemes	**–**	3,436,080
Weighted average number of diluted ordinary shares	**103,020,581**	105,600,546
Basic (loss)/earnings per share	**(21.92)p**	15.69p
Diluted (loss)/earnings per share	**(21.92)p**	15.18p

Basic and diluted (loss)/earnings per share are equal for 2025 since when a loss is incurred the effect of outstanding share options is considered anti-dilutive and is ignored for the purpose of the loss per share calculation.

If the Group had made a profit attributable to equity holders of the Group the potentially dilutive effect of the Group's share option schemes would be 3,121,511 and the weighted average number of diluted ordinary shares would be 106,142,092.

12. Subsidiary undertakings

The following subsidiary undertakings have been included within the consolidated financial statements and are all held indirectly unless otherwise stated:

Name	Address	Principal activity	Country of incorporation	Control held by the Group	
				2025	2024
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%
Midwich Benelux Holding B.V.	Kolenbranderstraat 10, 2984 AT Ridderkerk	Holding company	Netherlands	**100%**	100%
Midwich 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%

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

12. Subsidiary undertakings continued

Name	Address	Principal activity	Country of incorporation	Control held by the Group 2025	Control held by the Group 2024
van Domburg Services B.V.[3]	Kolenbranderstraat 10, 2984 AT Ridderkerk	Dormant	Netherlands	**100%**	100%
Dutch Light Pro B.V.	Kolenbranderstraat 10, 2984 AT Ridderkerk	Distribution of lighting products	Netherlands	**100%**	100%
Sound Technology Limited[4]	Vince's Road, Diss IP22 4YT	Dormant	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%
Midwich International Limited[5]	Vince's Road, Diss IP22 4YT	Holdings company	England and Wales	**100%**	100%
Midwich UCD B.V.	Kolenbranderstraat 10, 2984 AT Ridderkerk	Distribution of unified communication and collaboration solutions	Netherlands	**100%**	100%
NMK Technologies Trading LLC[4]	Showroom 2 - 3, Building MJ Al-Falasi, Al Quoz 1, Dubai	Distribution of audio visual solutions	United Arab Emirates	**100%**	100%
NMK Electronics Trading LLC[5]	Showroom 2 - 3, Building MJ Al-Falasi, Al Quoz 1, Dubai	Distribution of audio visual solutions	United Arab Emirates	**100%**	100%
Edge Electronics Trading LLC[5]	Porto Holding Group Building, 2nd floor, Office 9, C- Ring Road, Doha	Distribution of audio visual solutions	Qatar	**100%**	100%
NMK International FZE[5]	Showroom 2 - 3, Building MJ Al-Falasi, Al Quoz 1, Dubai	Distribution of audio visual solutions	United Arab Emirates	**100%**	100%
NMK Middle East Trading LLC[5]	Riyadh Park Northern Ring Road, Al Aqiq, Riyadh 13511, Saudi Arabia	Distribution of audio visual solutions	Kingdom of Saudi Arabia	**100%**	100%
Cooper Projects Limited[6]	Vince's Road, Diss IP22 4YT	Holding company	England and Wales	**100%**	65%
DVS Ltd[6]	Vince's Road, Diss IP22 4YT	Distribution of security solutions	England and Wales	**100%**	65%
Edge CCTV Ltd[6]	Vince's Road, Diss IP22 4YT	Dormant	England and Wales	**100%**	65%
Nimans Limited	Vince's Road, Diss IP22 4YT	Distribution of audio visual solutions	England and Wales	**100%**	100%
Network Sales & Solutions Limited[7]	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[7]	Vince's Road, Diss IP22 4YT	Dormant	England and Wales	**100%**	100%
Kern Und Stelly Medientechnik Austria GmbH	1100 Wien, Wienerbergstraße 9, Vienna	Distribution of audio visual solutions	Austria	**100%**	100%
SF Marketing Inc	325 Bouchard Boulevard, Dorval, Quebec, H9S 1A9	Distribution of audio visual solutions	Canada	**100%**	100%
Toolfarm.com Inc	136 Venturi Drive, Chesterton, Indiana 46304	Dormant	United States of America	**100%**	100%
HHB Communications Holdings Limited	Vince's Road, Diss IP22 4YT	Holding company	England and Wales	**100%**	100%

12. Subsidiary undertakings continued

Name	Address	Principal activity	Country of incorporation	Control held by the Group 2025	Control held by the Group 2024
HHB Communications Limited	Vince's Road, Diss IP22 4YT	Distribution of professional audio and broadcast solutions	England and Wales	**100%**	100%
H H B Limited	Vince's Road, Diss IP22 4YT	Dormant	England and Wales	**100%**	100%
Source Distribution Limited	Vince's Road, Diss IP22 4YT	Dormant	England and Wales	**100%**	100%
Video Digital Import SL[8]	Carrer Miguel Hernández, 69, 08908 L'Hospitalet de Llobregat, Barcelona	Dormant	Spain	**N/A**	100%
Video Digital Soluciones SL	Carrer Miguel Hernández, 69, 08908 L'Hospitalet de Llobregat, Barcelona	Distribution of professional audio and broadcast solutions	Spain	**100%**	100%
Pulse Cinemas Holdings Limited[9]	Vince's Road, Diss IP22 4YT	Dormant	England and Wales	**100%**	100%
Pulse Cinemas Limited[9]	Vince's Road, Diss IP22 4YT	Dormant	England and Wales	**100%**	100%
prodyTel Distribution GmbH[10,11]	Mühlstraße 50, 90547, Stein	Dormant	Germany	**N/A**	N/A
Midwich Portugal Unipessoal Lda	Factory Lisbon S10 Avenida Infante D Henrique Numero 143	Distribution of audio visual solutions	Portugal	**100%**	100%
The Farm North West LLC[12,13]	6624 S 196th Street, Ste U-102 Kent, Washington 98032	Dormant	United States of America	**100%**	100%
The Farm Norcal LLC[12,13]	2008 Opportunity Drive, Ste 160 Roseville, California 95678	Dormant	United States of America	**100%**	100%
Dry Hire Lighting Limited[14]	Vince's Road, Diss IP22 4YT	Rental of lighting solutions	England and Wales	**100%**	100%
UK Fire & Safety Limited[6,15,16]	Vince's Road, Diss IP22 4YT	Dormant	England and Wales	**100%**	65%
Direct Cable Systems Limited[17]	Vince's Road, Diss IP22 4YT	Manufacture and distribution of cable solutions	England and Wales	**100%**	100%
Midwich Maroc SARL[18]	49 Rue Jan Jaurès, Quartier Gauthier, 6ème étage, Appt No. 12-20000, Casablanca	Dormant	Morocco	**100%**	N/A
Midwich Malaysia Trading Sdn Bhd[19]	Jalan SS 22/23, PJ, Selangor, Malaysia	Distribution of audio visual solutions	Malaysia	**100%**	N/A
PT Midwich Indonesia Trading[20]	One Pacific Place Level 11, SCBD, Jalan Jenderal Sudirman Kav. 52 - 53, South Jakarta	Distribution of audio visual solutions	Indonesia	**100%**	N/A

1 Investments held directly by Midwich Group plc.
2 Merged into Midwich Limited (UK) on 1 January 2024.
3 Merged into Midwich B.V. on 28 November 2025.
4 Merged into Midwich Limited (UK) on 31 May 2025.
5 Acquired remaining shares on 16 April 2024. See note 35.
6 Acquired remaining shares on 8 January 2025. See note 35.
7 Merged into Nimans Limited on 1 January 2024.
8 Merged into Midwich Iberia S.A.U. on 1 January 2024.
9 Merged into Midwich Limited (UK) on 1 March 2024.
10 Acquired remaining shares on 1 July 2024. See note 35.
11 Merged into Kern Und Stelly Medientechnik GmbH on 1 July 2024.
12 Acquired 19 January 2024. See "The Farm" acquisition in note 36.
13 Merged into Starin Marketing Inc on 31 August 2025.
14 Acquired 31 July 2024. See "Dry Hire Lighting" acquisition in note 36.
15 Acquired 1 October 2024. See "UK Fire" acquisition in note 36.
16 Merged into DVS Ltd on 28 February 2025.
17 Acquired 2 October 2024. See "DCS" acquisition in note 36.
18 Incorporated 25 April 2025.
19 Incorporated 21 July 2025.
20 Incorporated 28 August 2025.

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 – Company number 01454050,
Midwich International Limited – Company number 13021874,
Cooper Projects Limited – Company number 10121998,
DVS Ltd – Company number 04963144,
Dry Hire Lighting Limited – Company number 04803429,
UK Fire & Safety Limited – Company number 06470601,
Direct Cable Systems Limited – Company number 03409274,
HHB Communications Holdings Limited – Company number 14525102, and
HHB Communications Limited – Company number 02316548.

Midwich Group plc guarantees any contingent and prospective liabilities that these companies are subject to in accordance with Section 479C of the Act.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

13. Investments

	Total £'000
Cost	
At 1 January 2024	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
Investments held for trading	517
At 31 December 2025	**910**

During the year the Group's investment arm "Midwich Ignite' acquired non-redeemable preference shares that are held for trading of £517k (2024: £393k). The investments are measured at fair value, which is currently in line with cost.

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.

14. Goodwill

	Total £'000
Cost	
At 1 January 2024	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
Foreign exchange movements	25
At 31 December 2025	**60,443**

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	**2025 £'000**	2024 £'000
United Kingdom & Ireland	**29,870**	29,850
Europe, Middle East & Africa	**19,193**	18,665
Asia Pacific	**1,847**	1,841
North America	**9,533**	10,062
	60,443	60,418

The value in use calculation is based on cash flow projections with the following key assumptions:

Forecast profitability assumptions

Management's key forecast profitability assumptions are the achievement of the forecast profits and the long term operating profit margin excluding depreciation and amortisation charges.

The forecast profitability is based on the Board approved budget for the 12 months after the reporting date with profitability for the subsequent 2 years derived from the businesses 3 year plan. The profitability is extrapolated beyond the forecast dates using prudent assumptions and economic data for the wider economy.

Forecast long term operating profit margins excluding depreciation and amortisation used in the value in use calculation for assessing the recoverable amount of goodwill for each operating segment are as follows:

Forecast profitability assumptions by operating segment	**2025**	2024
United Kingdom & Ireland	**6.7%**	5.6%
Europe, Middle East & Africa	**6.4%**	5.0%
Asia Pacific	**4.4%**	4.2%
North America	**4.9%**	4.6%

Growth rates

The revenue growth rates in the value in use calculation are derived from the Board approved budget for the 12 months after the reporting date and from the businesses 3 year plan thereafter. The longer term growth rates forecast for years 4 and 5 represent a prudent expectation of growth based on economic and industry data for the wider economy and end in a terminal growth rate of 2% (2024: 2%).

14. Goodwill continued

Growth rates continued

The compound annual growth rates beyond the approved forecast between years 2 and 5 for each operating segment are as follows:

Compound annual growth rate for years 2 to 5 of the forecast by operating segment	2025	2024
United Kingdom & Ireland	**3.1%**	5.8%
Europe, Middle East & Africa	**3.4%**	5.7%
Asia Pacific	**6.9%**	9.0%
North America	**10.8%**	5.0%

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:

Discount rates by operating segment	2025	2024
United Kingdom & Ireland	**12.0%**	15.1%
Europe, Middle East & Africa	**12.0%**	14.9%
Asia Pacific	**11.6%**	14.2%
North America	**11.5%**	14.2%

Discount rates for the current and previous year were reviewed against external economic data. In 2025 this included specific information obtained from third party brokers.

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:

	2025 £'000	2024 £'000
United Kingdom & Ireland	**151,158**	37,461
Europe, Middle East & Africa	**163,451**	89,002
Asia Pacific	**2,344**	2,100
North America	**44,019**	9,252
	360,972	137,815

Sensitivity of amount by which recoverable amount exceeds carrying amount

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.

Neither a 1% change in discount rates or forecast operating profits would trigger an impairment. If the discount factor for each operating segment were increased by 1% the amount by which recoverable amount exceeds carrying value for each operating segment would decrease as follows:

	2025 £'000	2024 £'000
United Kingdom & Ireland	**27,941**	16,163
Europe, Middle East & Africa	**29,500**	17,369
Asia Pacific	**1,790**	1,473
North America	**11,683**	6,751
	70,914	41,756

If the forecast operating profit for each operating segment were decreased by 1% the amount by which recoverable amount exceeds carrying value for each operating segment would decrease as follows:

	2025 £'000	2024 £'000
United Kingdom & Ireland	**9,816**	2,436
Europe, Middle East & Africa	**10,003**	2,610
Asia Pacific	**516**	193
North America	**3,510**	942
	23,845	6,181

The discount factor above which an impairment would be triggered for each operating segment is as follows:

	2025	2024
United Kingdom & Ireland	**19.8%**	17.5%
Europe, Middle East & Africa	**20.1%**	21.8%
Asia Pacific	**12.7%**	15.6%
North America	**15.8%**	15.5%

The decrease in forecast profitability below which an impairment would be triggered for each operating segment is as follows:

	2025	2024
United Kingdom & Ireland	**17.5%**	14.5%
Europe, Middle East & Africa	**18.6%**	32.0%
Asia Pacific	**3.7%**	10.0%
North America	**12.3%**	9.1%

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

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 2024	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	–	–	–	–
Derecognised	–	(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
Additions	4,517	1,027	–	–	–	5,544
Transfer	(5,149)	5,149	–	–	–	–
Derecognised	–	(649)	(1,717)	(532)	(3,738)	(6,636)
Foreign exchange movements	–	(74)	(292)	425	(825)	(766)
At 31 December 2025	**–**	**32,572**	**18,001**	**57,171**	**79,989**	**187,733**
Amortisation						
At 1 January 2024	–	1,564	7,810	29,014	16,145	54,533
Charge for year	–	288	2,166	3,414	6,807	12,675
Derecognised	–	(287)	–	–	–	(287)
Foreign exchange movements	–	(16)	(65)	(548)	(248)	(877)
At 31 December 2024	–	1,549	9,911	31,880	22,704	66,044
Charge for year	–	416	2,627	3,773	7,089	13,905
Impairments	–	27,035	–	–	–	27,035
Derecognised	–	(17)	(920)	(152)	(527)	(1,616)
Foreign exchange movements	–	(60)	(119)	438	(194)	65
At 31 December 2025	**–**	**28,923**	**11,499**	**35,939**	**29,072**	**105,433**
Net book value						
At 31 December 2024	632	25,570	10,099	25,398	61,848	123,547
At 31 December 2025	**–**	**3,649**	**6,502**	**21,232**	**50,917**	**82,300**

Depreciation and impairments are charged to administrative expenses.

Included within assets arising from development were the capitalised development costs of software relating to the Group Enterprise Resource Planning system ("ERP") software that had yet to be brought into use as intended. £5,149k (2024: £29,192k) of development costs were transferred to patents and software when the respective costs for the asset arising from development were available for use as management intended and began depreciation.

During the year the Group altered its plans for the deployment of the ERP software system to pursue other new technologies that have greater benefits. The reduced deployment of the asset was an indication of impairment and the Group undertook an impairment test on the asset. The impairment test has been performed on a value in use basis by discounting the future cash flows using an 11% discount factor to calculate a recoverable amount of £2,499k and a resulting impairment of £27,035k.

Included within intangible assets are £78,651k (2024: £97,345k) 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 then the effect would be a decrease or increase of £1,788k respectively in the amortisation charge for the year.

15. Intangible assets continued

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	2,499	9 years	3,563	9 years	10,593	12 years	20,483	12 years
EMEA	–		1,001	8 years	6,123	10 years	17,451	13 years
APAC	–		68	3 years	453	3 years	119	3 years
NA	–		1,870	8 years	4,063	9 years	12,864	12 years
	2,499		**6,502**		**21,232**		**50,917**	

The carrying amounts and remaining amortisation periods of individually material intangible assets for the prior 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**	

16. Right of use assets

	Land and buildings £'000	Rental assets £'000	Plant and equipment £'000	Total £'000
Cost				
At 1 January 2024	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
Additions	3,896	–	293	4,189
Disposals	(3,681)	(1,200)	(108)	(4,989)
Foreign exchange movements	553	(35)	(23)	495
At 31 December 2025	**30,509**	**1,726**	**465**	**32,700**
Depreciation				
At 1 January 2024	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
Charge for year	4,332	573	250	5,155
Disposals	(3,395)	(1,114)	(108)	(4,617)
Foreign exchange movements	405	(19)	(40)	346
At 31 December 2025	**13,360**	**1,386**	**105**	**14,851**
Net book value				
At 31 December 2024	17,723	1,015	300	19,038
At 31 December 2025	**17,149**	**340**	**360**	**17,849**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

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 2024	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
Additions	132	66	2,462	2,714	5,374
Disposals	–	(662)	(2,047)	(4,790)	(7,499)
Foreign exchange differences	121	69	–	264	454
At 31 December 2025	**5,287**	**2,767**	**7,921**	**7,779**	**23,754**
Depreciation					
At 1 January 2024	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
Charge for year	106	402	2,554	3,420	6,482
Disposals	–	(662)	(2,047)	(4,437)	(7,146)
Foreign exchange differences	10	43	–	277	330
At 31 December 2025	**805**	**1,111**	**2,931**	**535**	**5,382**
Net book value					
At 31 December 2024	4,345	1,966	5,082	8,316	19,709
At 31 December 2025	**4,482**	**1,656**	**4,990**	**7,244**	**18,372**

Included in land and buildings is land at £607k (2024: £607k) that is not depreciated.

18. Inventories

	2025 £'000	2024 £'000
Finished goods for resale		
Carrying amount of inventories	**185,091**	174,488

	2025 £'000	2024 £'000
Amounts of inventories recognised as an expense	**1,063,502**	1,081,073

	2025 £'000	2024 £'000
Write downs in inventories recognised as an expense	**3,268**	681
Reversal of write downs recognised as an expense	**–**	–

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

	2025 £'000	2024 £'000
Trade receivables	**179,988**	174,558
Other receivables	**7,545**	6,672
Prepayments and accrued income	**14,220**	16,332
	201,753	197,562

Trade receivables includes a total of £76,421k (2024: £89,328k) subject to a receivables financing agreement. The associated secured borrowings totalled £21,785k (2024: £26,943k).

Included within prepayments and accrued income is £395k (2024: £71k) 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.

	2025 £'000	2024 £'000
Movements in the impairments of trade receivables		
Impairments at 1 January	**3,614**	3,525
Contractual cash flows not expected to be collected for receivables acquired	**–**	43
Increase in impairments in the year	**316**	729
Release of impairments against receivables written off or received	**(816)**	(570)
Foreign exchange variance	**44**	(113)
Impairments as at 31 December	**3,158**	3,614

20. Trade and other payables

Amounts falling due within one year:

	2025 £'000	2024 £'000
Trade payables	**194,159**	165,208
Other taxation and social security	**17,337**	19,600
Other payables	**737**	362
Accruals and deferred income	**30,749**	28,397
	242,982	213,567

Amounts falling due after one year:

	2025 £'000	2024 £'000
Trade payables	**–**	107
Other payables	**71**	–
Accruals	**1,287**	2,538
	1,358	2,645

Included within accruals and deferred income is £1,973k (2024: £1,444k) 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.

21. Provisions

	2025 £'000	2024 £'000
Dilapidations and other provisions	**1,101**	1,167
Agency contract severance provisions	**265**	348
	1,366	1,515

Dilapidations and other provisions

	2025 £'000	2024 £'000
Provision at 1 January	**1,167**	2,090
Increase in provision	**121**	87
Amortised interest cost	**4**	4
Release of provision	**(186)**	(1,006)
Foreign exchange variance	**(5)**	(8)
Provision at 31 December	**1,101**	1,167

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. The provision is expected to be utilised at the end of lease contracts that expire over a period of between 2 and 10 years. Other provisions include warranty provisions which arise on the sale of goods with a warranty and have inherently uncertain settlement dates. However, the majority of warranties are expected to be utilised between 2 and 3 years.

Agency contract severance provision

	2025 £'000	2024 £'000
Provision at 1 January	**348**	308
(Decrease)/increase in provision	**(100)**	56
Foreign exchange variance	**17**	(16)
Provision at 31 December	**265**	348

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

	2025 £'000	2024 £'000
Non-current derivative financial assets	**741**	1,608
Current derivative financial assets	**427**	572
Net derivative financial instruments	**1,168**	2,180

	2025 £'000	2024 £'000
Derivative financial assets		
Foreign currency forward contract (see note 26)	**427**	388
Call options to acquire shares (see note 26)	**431**	184
Interest rate swaps (see note 26)	**310**	1,608
Net derivative financial instruments	**1,168**	2,180

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

23. Put option liabilities

	2025 £'000	2024 £'000
Current put option liability	**4,651**	11,682

The reconciliation of the carrying amounts of the put options is as follows:

	2025 £'000	2024 £'000
At 1 January	**11,682**	22,701
Subsequent remeasurement to present value	**–**	53
Interest cost amortised	**112**	826
Gain on foreign exchange	**(345)**	(45)
Extinguished on acquisition of non-controlling interest	**(6,798)**	(11,853)
At 31 December	**4,651**	11,682

During 2023 the Group entered into a symmetrical put and call option contract to acquire the non-controlling interests created by the acquisition of prodyTel Distribution GmbH. The option to acquire the non-controlling interests was exercised during the prior 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 Cooper Projects Limited. The option to acquire the non-controlling interests was exercised during the year for consideration of £6,798k. Further detail is provided in note 35.

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 prior year with a partial settlement. £4,651k of the consideration was retained and is due to be settled in 2026. Further detail is provided in note 35.

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 2025 a 10% increase or decrease in future trading performance of the underlying entities would have no impact on the present value of the put option liabilities.

24. Deferred and contingent considerations

	2025 £'000	2024 £'000
Current:		
— Deferred consideration at amortised cost	**85**	3,835
— Contingent consideration	**313**	–
Total current deferred and contingent considerations	**398**	3,835
Non-current:		
— Deferred consideration at amortised cost	**–**	77
— Contingent consideration	**1,719**	1,681
Total non-current deferred and contingent considerations	**1,719**	1,758
Total deferred consideration at amortised cost	**85**	3,912
Total contingent consideration	**2,032**	1,681
Total deferred and contingent considerations	**2,117**	5,593

During the prior 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 prior year for £500k. The deferred considerations for The Farm was settled for £173k during the year. The deferred consideration for DCS was settled for £3,608k during the year.

During the prior 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 2026 with a final settlement due in 2027.

During 2023 the Group recognised deferred considerations at amortised cost in respect of the acquisitions of SF Marketing Inc, Video Digital Soluciones SL, and Pulse Cinema Holdings Limited. During the prior year the Group settled the deferred considerations for SF Marketing Inc and Pulse Cinema Holdings Limited for £1,144k and £168k respectively. During the prior year the Group also partially settled the deferred consideration for Video Digital Soluciones SL for £429k. The remaining deferred consideration for Video Digital is due to be fully settled in 2026.

During 2023 the Group recognised contingent considerations in respect of the acquisitions of Digital Media Promos Inc, HHB Communications Holdings Limited, Video Digital Soluciones SL, Pulse Cinema Holdings Limited, and prodyTel Distribution GmbH. The contingent considerations for Digital Media Promos Inc, Video Digital Soluciones SL, Pulse Cinema Holdings Limited, and prodyTel Distribution GmbH are due to be settled in 2026. During the prior year the contingent consideration for HHB Communications Holdings Limited was settled for £1,900k.

During 2022 the Group recognised deferred considerations in respect of the acquisition of Nimans Limited. The deferred consideration was settled during the prior year for £5,697k.

24. Deferred and contingent considerations continued

During 2021 the Group recognised contingent consideration in respect of the acquisition of the trade and assets of eLink Distribution AG. During the prior 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

	2025 £'000	2024 £'000
At 1 January	**1,681**	7,213
Arising on acquisitions	**–**	5,710
Settlement	**–**	(5,055)
Charged to income statement	**371**	771
Credited to income statement	**–**	(6,867)
Foreign exchange arising on translation	**(20)**	(91)
At 31 December	**2,032**	1,681

The maximum amount payable for all contingent considerations is £12,193k (2024: £30,201k). 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 that 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 £359k or decrease of £526k 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 and increase of £23k respectively in the fair value of the deferred contingent consideration liability.

25. Borrowings

	2025 £'000	2024 £'000
Secured borrowings		
— Bank overdrafts	**2,929**	3,757
— Short term borrowing arrangements	**3,908**	6,150
— Invoice discounting facilities	**21,785**	26,943
— Bank loans	**151,378**	142,903
— Leases (see note 29)	**21,055**	22,836
	201,055	202,589
Current	**37,115**	45,048
Non-current	**163,940**	157,541
	201,055	202,589

Summary of borrowing arrangements

The Group has overdraft borrowings of £2,929k at the end of 2025 (2024: £3,757k). The facilities are uncommitted and secured with fixed and floating charges over the assets of the Group.

At the reporting date the Group had £25,693k (2024: £33,093k) of borrowings from invoice discounting and short term borrowing facilities. 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 that 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% (2024: 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.

As at the reporting date the Group had total borrowings of £151,378k (2024: £142,903k) from long term loan facilities. The total amount of borrowings available under the Group's RCF as at the end of the current and prior year reporting date was £175m, of which there was £26,667k (2024: £34,360k) of undrawn facility available.

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 ("RCF"). The two covenants defined in the RCF agreement are Group Leverage and Interest Cover. The RCF covenants are required to be tested biannually at the Group's half year and full year reporting dates. If the Group defaults under the RCF covenants it may not be able to meet its payment obligations. 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 2025, Group Leverage was 2.2x and Interest Cover was 4.7x. Neither of the covenants are breached in the Group's assessment of going concern using the base case scenario (see note 1).

The RCF 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. The interest rate also includes an additional margin agreed with the lender in the respective of the country of the borrowings.

Borrowings

	2025 £'000	2024 £'000
Borrowings due within 1 year	**31,667**	38,896
Borrowings due after 1 year	**148,333**	140,857
Leases (see note 29)	**21,055**	22,836
	201,055	202,589

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

25. Borrowings continued

Reconciliation of liabilities arising from financing activities

	2025 £'000	2024 £'000
At 1 January	**202,589**	162,326
Cash flows:		
Invoice financing and short term borrowing outflows	**(7,718)**	(4,671)
Proceeds from borrowings	**8,988**	49,333
Repayment of loans	**(1,447)**	(884)
Repayment of overdrafts	**(828)**	(325)
Capital element of leases	**(5,495)**	(4,628)
Non-cash:		
Acquisitions	**–**	2,188
New liabilities arising on leases	**4,189**	2,227
Disposals on modification or termination of leases	**(667)**	(14)
Foreign exchange loss/(gain)	**1,444**	(2,963)
At 31 December	**201,055**	202,589

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
- 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 (2024: 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 and foreign exchange options contracts are based on observable inputs other than quoted prices and are level 2 valuations.

Included within derivatives are the Group's call options to purchase shares held for trading. The call option derivatives to purchase share held for trading are measured at fair value based on unobservable inputs and are level 3 valuations.

The contingent considerations in relation to the prior 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 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 for the current and prior.

The contingent considerations in relation to the acquisitions during 2023 of Digital Media Promos Inc, HHB Communications Holdings Limited, Video Digital Soluciones SL, Pulse Cinema Holdings Limited, and prodyTel Distribution GmbH 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 for the current and prior year.

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 Distribution GmbH in 2023. A put option liability was recognised over the non-controlling interest for the acquisition of Cooper Projects Limited 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 Distribution GmbH acquisition comprised a fixed amount and a variable amount that depended upon the performance of the business. The separate components of the put option liability were measured at amortised cost using discount factors of 3.2% and 16.8% respectively. During the prior year there was a modification to the contractual cash flows relating to the put option liability. Due to modification of the contractual cash flows the put option liability was remeasured to present value. The Group exercised the call option to acquire the remaining non-controlling interest in prodyTel Distribution GmbH during the prior year (see note 35).

The put option liability over the non-controlling interest in Cooper Projects 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 2.5%. During the prior year there was a modification to the contractual cash flows relating to the put option liability. Due to the modification of the contractual cash flows the put option liability was remeasured to present value. During the current year the Group exercised the call option to acquire the remaining non-controlling interest in Cooper Projects Limited (see note 35).

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 prior year there were no modifications to the contractual cash flows relating to the put option liability and no remeasurement to present value. Also during the prior year the Group exercised the call option in relation to Midwich International Limited (see note 35).

26. Financial instruments continued

Classification of financial instruments continued

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 £4,651k (2024: £20,000k).

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

	2025 £'000	2024 £'000
Trade, other receivables and accrued income (note 19)	**187,928**	181,301
Cash and cash equivalents	**53,983**	49,160
	241,911	230,461

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

	2025 £'000	2024 £'000
Investments (note 13)	**910**	313
Derivative financial instruments (note 22)	**1,168**	2,180
	2,078	2,493

Financial liabilities at amortised cost

	2025 £'000	2024 £'000
Trade and other payables (note 20)	**194,967**	165,677
Accruals (note 20)	**30,063**	29,491
Lease payables (note 29)	**21,055**	22,836
Put option liabilities (note 23)	**4,651**	11,682
Bank loans, overdrafts and invoice discounting (note 25)	**180,000**	179,753
Deferred consideration (note 24)	**85**	3,912
	430,821	413,351

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.

Contingent consideration at fair value

	2025 £'000	2024 £'000
Contingent consideration (note 24)	**2,032**	1,681

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 2025 total credit risk amounted to £241,911k (2024: £230,461k).

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. The interest rate swaps cover 32.1% (2024: 28.5%) of the Group's bank loan borrowing facilities.

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. A 1 percentage point increase on the variable rate borrowings of the Group during the year would correspond to a £1,352k (2024: £1,390k) reduction in profit before tax.

Foreign exchange risk

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 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 Pound's 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. At the reporting date the Group has forward contracts in respect of the dollar to sterling exchange rates. The total value of the foreign currencies for which the Group has forward contracts to exchange at a fixed rate in the next year is £5,541k (2024: £7,183k).

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

27. Financial instrument risk exposure and management continued

Foreign exchange risk continued

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

	2025 £'000	2024 £'000
EUR	**35,525**	35,049
AUD	**5,179**	5,163
USD	**14,348**	15,883
CAD	**9,410**	10,242

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 £6,446k (2024: £6,634k).

The following table below sets out the exchange rates in 4 significant figures used in the periods reported:

	Annual average		Year end	
	2025	2024	**2025**	2024
EUR/GBP	**1.168**	1.184	**1.145**	1.210
AUD/GBP	**2.047**	1.943	**2.017**	2.023
NZD/GBP	**2.274**	2.120	**2.339**	2.236
USD/GBP	**1.321**	1.278	**1.345**	1.253
CHF/GBP	**1.093**	1.127	**1.066**	1.136
NOK/GBP	**13.68**	13.81	**13.57**	14.23
AED/GBP	**4.851**	4.692	**4.946**	4.598
QAR/GBP	**4.902**	4.651	**4.808**	4.558
SAR/GBP	**4.955**	4.797	**5.045**	4.708
CAD/GBP	**1.844**	1.754	**1.844**	1.802
MYR/GBP	**5.604**	N/A	**5.458**	N/A
IDR/GBP	**21,830**	N/A	**22,520**	N/A

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

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

Profit before tax

	2024 £'000	Revised 2024 £'000	Impact £'000	Impact %
EUR	22,311	22,245	(66)	(0.3)%
AUD	22,311	22,377	66	0.3%
NZD	22,311	22,318	7	–%
USD	22,311	22,210	(101)	(0.5)%
CHF	22,311	22,313	2	–%
NOK	22,311	22,316	5	–%
AED	22,311	22,255	(56)	(0.3)%
QAR	22,311	22,274	(37)	(0.2)%
SAR	22,311	22,215	(96)	(0.4)%
CAD	22,311	22,161	(150)	(0.7)%
All currencies	22,311	21,885	(426)	(1.9)%

Net assets

	2024 £'000	Revised 2024 £'000	Impact £'000	Impact %
EUR	189,154	192,723	3,569	1.9%
AUD	189,154	189,159	5	–%
NZD	189,154	189,151	(3)	–%
USD	189,154	188,144	(1,010)	(0.5)%
CHF	189,154	189,062	(92)	–%
NOK	189,154	189,270	116	0.1%
AED	189,154	187,932	(1,222)	(0.6)%
QAR	189,154	188,841	(313)	(0.2)%
SAR	189,154	188,600	(554)	(0.3)%
CAD	189,154	188,641	(513)	(0.3)%
All currencies	189,154	189,137	(17)	–%

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.

27. Financial instrument risk exposure and management continued

Liquidity risk continued

The tables below show the undiscounted cash flows on the Group's financial instrument liabilities as at 31 December 2025 and 2024 based on their contractual maturity:

At 31 December 2025

	Total £'000	Within 2 months £'000	Within 2–6 months £'000	Between 6–12 months £'000	Between 1–2 years £'000	After 2 years £'000
Trade payables	**194,159**	**186,620**	**7,423**	**116**	**–**	**–**
Other payables	**808**	**725**	**5**	**7**	**14**	**57**
Deferred and contingent consideration	**2,772**	**–**	**422**	**–**	**2,350**	**–**
Put option liabilities	**4,651**	**4,651**	**–**	**–**	**–**	**–**
Leases	**23,165**	**922**	**2,207**	**3,103**	**5,374**	**11,559**
Accruals	**30,063**	**23,496**	**3,235**	**2,045**	**133**	**1,154**
Bank overdrafts, loans and invoice discounting	**198,809**	**31,935**	**–**	**–**	**–**	**166,874**
	454,427	**248,349**	**13,292**	**5,271**	**7,871**	**179,644**

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 2 years £'000
Trade payables	165,315	147,176	18,020	12	18	89
Other payables	362	68	294	–	–	–
Deferred and contingent 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

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:

	2025 £'000	2024 £'000
Equity	**160,071**	181,224
Borrowings	**201,055**	202,589
Cash and cash equivalents	**(53,983)**	(49,160)
	307,143	334,653

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:

	2025 £'000	2024 £'000
Not later than 1 year	**6,232**	7,936
Later than 1 year and not later than 5 years	**16,933**	19,795
	23,165	27,731
Less: future finance charges	**(2,110)**	(4,895)
Present value of minimum lease payments	**21,055**	22,836

Lease liabilities are included in liabilities:

	2025 £'000	2024 £'000
Current	**5,448**	6,152
Non-current	**15,607**	16,684
	21,055	22,836

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

29. Leases continued

Total cash outflows for leases:

	2025 £'000	2024 £'000
Total cash outflow for leases including short term leases	**8,187**	7,169

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. Leases in respect of 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. Interest on leases has been recognised at the rate implicit in the lease unless this is unavailable in which case the Group has applied the incremental borrowing rate. The interest rates on leases held by the Group during the year have been recognised at incremental borrowing rates between 1.4% and 6.9%.

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 £175,292k (2024: £175,665k). The following companies are guarantors to the facility and jointly and severally liable for the borrowings:

Midwich Group plc,
Sound Technology Limited,
Nimans Limited,
Interquartz (U K) Limited,
Sidev SAS,
Kern Und Stelly Medientechnik GmbH,
New Tension Inc,
Prase Engineering SpA,
HHB Communications Holdings Limited,
H H B Limited,
UK Fire & Safety Limited, and
Midwich Limited,
Midwich International Limited,
Yealink (UK) Limited,
Square One Distribution Limited,
Midwich Australia Pty Limited,
Bauer Und Trummer GmbH,
Starin Marketing Inc,
SF Marketing Inc,
HHB Communications Limited,
Source Distribution 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:

	2025 £'000	2024 £'000
Defined contribution pension schemes expense	**2,274**	3,694

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 France, Italy, United Arab Emirates, Qatar, and the Kingdom of Saudi Arabia, 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 the future, but it is legally prohibited for the pension fund to require any additional contribution greater than the fixed contributions. Correspondingly, 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 of the Italian subsidiary under a scheme called TFM. In the United Arab Emirates 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.

Defined benefit retirement obligations:

	2025 £'000	2024 £'000
Present value of defined benefit pension obligations	**(4,408)**	(3,972)
Fair value of plan assets	**2,383**	1,967
Net defined benefit pension liability	**(2,025)**	(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 2025	(3,972)	1,967	(2,005)
Service cost			
Current service cost	(355)	–	(355)
Past service cost	288	–	288
	(67)	**–**	**(67)**
Net interest			
Interest income on plan assets	–	19	19
Interest cost on defined benefit obligation	(80)	–	(80)
	(80)	**19**	**(61)**
Total defined benefit cost recognised in income statement	**(147)**	**19**	**(128)**
Cash flows			
Plan participants' contributions	(127)	127	–
Employer contributions	–	115	115
Benefits paid	(14)	14	–
Unfunded benefits paid	91	–	91
Expected closing position	**(4,169)**	**2,242**	**(1,927)**
Remeasurements			
Changes in demographic assumptions	(25)	–	(25)
Changes in financial assumptions	47	–	47
Other experience	(102)	–	(102)
Return on assets excluding amounts included in net interest	–	5	5
Foreign exchange gain/(loss) recognised in translation reserve	(159)	136	(23)
Total remeasurements recognised in other comprehensive income	**(239)**	**141**	**(98)**
At 31 December 2025	**(4,408)**	**2,383**	**(2,025)**

	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)**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

31. Retirement benefit plans continued

Plan assets

	2025 £'000	2024 £'000
Insurance contracts with a quoted market price	**2,383**	1,967

Actuarial assumptions

	2025 £'000	2024 £'000
Salary increase rate	**1.5 - 3.5%**	0.5 - 3.5%
Discount rate	**1.2 - 5.0%**	1.5 - 5.5%
Inflation rate	**0.8 - 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:

	2025 £'000	2024 £'000
0.5% increase in discount rate	**(85)**	(226)
0.5% decrease in discount rate	**88**	254
0.5% increase in salary increase rate	**71**	81
0.5% decrease in salary increase rate	**(68)**	(80)

Funding

The expected service cost of defined benefit retirement obligations for the financial year ending 31 December 2026 is £333k and contributions expected to be paid is £32k.

32. Share capital

The total allotted share capital of the Company is:

Allotted, issued and fully paid

	2025		2024	
	Number	**£'000**	Number	£'000
Issued and fully paid ordinary shares of £0.01 each				
At 1 January	**104,245,126**	**1,042**	103,251,326	1,033
Shares issued	**300,000**	**3**	993,800	9
At 31 December	**104,545,126**	**1,045**	104,245,126	1,042

During the year the Company issued 300,000 shares to the Group's employee benefit trusts (2024: 993,800).

Employee benefit trust

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

	2025		2024	
	Number	**£'000**	Number	£'000
At 1 January	**1,778,813**	**616**	1,770,282	616
Share issued	**300,000**	**3**	993,800	9
Shares issued on exercise of options	**(741,889)**	**(7)**	(985,269)	(9)
At 31 December	**1,336,924**	**612**	1,778,813	616

33. Other reserves

Movement in other reserves for the year ended 31 December 2025

	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 2025	5,489	(4,656)	(6,933)	50	150	(5,900)
Other comprehensive income	–	(275)	–	–	–	(275)
Total comprehensive income for the year	–	(275)	–	–	–	(275)
Share based payments	4,353	–	–	–	–	4,353
Deferred tax on share based payments	(952)	–	–	–	–	(952)
Share options exercised	(3,643)	–	–	–	–	(3,643)
Acquisition of non-controlling interest (note 35)	–	–	6,933	–	–	6,933
Transactions with owners	(242)	–	6,933	–	–	6,691
Balance at 31 December 2025	**5,247**	**(4,931)**	**–**	**50**	**150**	**516**

33. Other reserves continued

Movement in other reserves for the year ended 31 December 2024

	Share based payment reserve £'000	Translation reserve £'000	Put option reserve £'000	Capital redemption reserve £'000	Other reserve £'000	Total £'000
Balance at 1 January 2024	10,843	392	(18,649)	50	150	(7,214)
Other comprehensive income	–	(5,048)	–	–	–	(5,048)
Total comprehensive income for the year	–	(5,048)	–	–	–	(5,048)
Share based payments	(957)	–	–	–	–	(957)
Deferred tax on share based payments	(115)	–	–	–	–	(115)
Share options exercised	(4,282)	–	–	–	–	(4,282)
Acquisition of non-controlling interest (note 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)

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 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. However, the Group has the option to provide an exemption for this payment. The options vest between 1 and 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. The options issued to employees in jurisdictions in which settlement in equity is prohibited are issued on the same basis, except they are settled in cash.

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

LTIP and SIP share options issued during the year were valued using Black Scholes option pricing models and Monte Carlo Simulations where market conditions applied to options. The fair value of the 2025 options granted and the assumptions used in the calculation are as follows:

	LTIP	LTIP	LTIP	SIP
Date of grant	7 Apr 2025	22 Dec 2025	22 Dec 2025	8 Apr 2025
Number granted	192,750	724,115	999,230	198,000
Share price at date of grant (£)	£1.86	£1.80	£1.80	£1.87
Exercise price (£)	£0.01	£0.01	£0.01	–
Expected volatility	11.6%	11.6%	11.6%	11.6%
Expected life (years)	1	3	3	3
Risk free rate	3.93%	3.64%	3.64%	3.93%
Expected dividend yield excluded from option	8.83%	8.83%	8.83%	0.0%
Percentage of options expected to vest	96.5%	85.5%	89.9%	70.5%
Fair value at date of grant	£306,275	£689,600	£982,360	£261,022
Earliest vesting date	7 Apr 2026	1 Dec 2028	1 Dec 2028	8 Apr 2028
Expiry date	7 Apr 2035	22 Dec 2035	22 Dec 2035	8 Apr 2035

Included within the LTIP issue on 22 December 2025 are 169,500 options issued to employees that will be settled in cash and 999,230 equity settled options that have a market based performance condition. The market based condition is included within the fair value of the equity settled share options at the grant date. The fair value of the equity settled share options at the grant date is calculated using the Black Scholes model with effects of the market based condition incorporated using a Monte Carlo simulation.

LTIP and SIP share options issued during the prior year, which do not have any market based conditions, were valued using Black Scholes option pricing models. 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

34. Share based payments continued

Long Term Incentive Plan continued

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 expenses of £4,353k (2024: credit of £957k) related to equity settled share based payment transactions. There is a significant variation between the expense in the current year and the credit the prior year. The difference arose because the LTIP options issued in 2022 and 2023 are subject to performance targets, which became unlikely to be met during the prior year resulting in a significant decrease in the number of options expected to vest.

During the year the Group altered the non-market performance criteria of the 2023 LTIP options and cancelled 270,800 2024 LTIP options and altered the non-market performance condition on the remaining options. Both the cancellation of the share options and the alteration to the non-market performance condition resulted in an increase in the share based payments charge for the year. The increase in the share based payments charge for the alteration of the non-market performance criteria of the 2023 LTIP options was £1,343k with an additional £99k employer taxes on share options recognised. The increase in the share based payments charge for the cancellation of the 2024 options was a share based payments charge of £918k with no employer taxes on share options recognised as the shares were cancelled and will not be subject to tax.

In addition to equity settled share based payment transactions the Group also recognised cash settled share based payment transactions including employer taxes on both cash settled and equity settled options. The Group recognised costs of £140k (2024: £69k) related to cash settled share based payment transactions for the principal amount of the share options issued that will be settled in cash. The Group recognised costs of £161k (2024: credits of £419k) related to employer taxes on both cash settled and equity share options during the year. The total carrying amount of liabilities arising from cash settled share based payment transactions including employer taxes at the end of the year was £695k (2024: £618k).

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

	2025		2024	
	Number of LTIP options	**Weighted average exercise price £**	Number of LTIP options	Weighted average exercise price £
Outstanding at 1 January	**4,560,158**	**0.01**	3,885,946	0.01
Granted	**1,746,595**	**0.01**	1,578,218	0.01
Cancelled	**(270,800)**	**0.01**	–	0.01
Lapsed	**(1,670,851)**	**0.01**	(15,337)	0.01
Exercised	**(643,789)**	**0.01**	(888,669)	0.01
Outstanding at 31 December	**3,721,313**	**0.01**	4,560,158	0.01
Weighted average remaining contractual life	**1.6 years**		1.2 years	

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

	2025		2024	
	Number of LTIP options	**Weighted average exercise price £**	Number of LTIP options	Weighted average exercise price £
Outstanding at 1 January	**333,600**	**–**	276,300	–
Granted	**198,000**	**–**	186,600	–
Lapsed	**(35,700)**	**–**	(32,700)	–
Exercised	**(98,100)**	**–**	(96,600)	–
Outstanding at 31 December	**397,800**	**–**	333,600	–
Weighted average remaining contractual life	**1.5 years**		1.5 years	

Share options were regularly exercised throughout the year. The average share price throughout the year was £2.08 (2024: £3.50). As at the year end there were 391,308 (2024: 727,041) 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 35% non-controlling interest in Cooper Projects Limited.

The non-controlling interest in Cooper Projects Limited had a value of £7,930k and was acquired for a consideration of £6,798k.

£6,933k of the put option reserve was transferred to retained earnings when the Cooper Projects Limited element of the put option was extinguished

During the prior 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 prior year with a further consideration that was retained, which has a value of £4,651k and is due to be settled in 2026. 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. £7,850k of the put option reserve was transferred to retained earnings when the prodyTel Distribution GmbH element of the put option was extinguished.

36. Business combinations

Acquisitions have been completed by the Group to increase scale, broaden its addressable market and widen the product offering. 2025 represents the first year the Group has made no acquisitions. Costs of £185k (2024: £1,124k) were expensed to the income statement during the year in relation to acquisitions.

Subsidiaries acquired in the prior year:

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

1 See note 12 for details of companies acquired during the prior year.

	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
	7,614	3,705	1,501	12,295

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
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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

36. Business combinations continued

Fair value of acquisitions 2024 continued

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 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.

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.

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:

	2025 £'000	2024 £'000
Remuneration of key management		
Remuneration and other short term benefits cost	**1,555**	1,592
Share based payment cost	**259**	(212)
Employer taxes	**265**	180
Company pension contributions to defined contributions scheme	**24**	24
	2,103	1,584

Share options for 864,652 (2024: 399,828) shares were awarded to members of the senior management team. Share options for 148,372 (2024: 279,908) shares were exercised by key management personnel during the year.

A close family member of a Director was employed by the Group and is a related party. The total amount of transactions with the related party during the year was £165k (2024: £141k). There were no amounts outstanding at the end of the current or prior year. The total amount of transactions comprises the amount of cost incurred under normal commercial employment terms on an arm's length basis.

The Group had transactions with one of the businesses it holds an investment in, which is a related party. The total amount of transactions with the related party during the year included sales of £11k (2024: nil) and purchases of £391k (2024: £nil). Included within trade receivables are amounts outstanding at the end of the year of £102k (2024: £nil). All transactions were conducted under normal commercial terms on an arm's length basis.

38. Dividends

On the 4 July 2025 the Company paid a final dividend of £7,756k. Excluding the effects of waived dividends this equated to 7.5 pence per share. On 17 October 2025 the Company paid an interim dividend of £1,811k. Excluding the effects of waived dividends this equated to 1.75 pence per share. During the prior year the Company paid a final dividend of £11,467k and an interim dividend of £5,651k. Excluding the effects of waived dividends these equated to 11 and 5.5 pence per share respectively.

The Board is recommending a final dividend of 3.5 pence per share. If approved, the dividend will be paid on 3 July 2026 to shareholders on the register on 22 May 2026.

39. Contingent asset

On 21 December 2024 a fire broke out at a neighbouring building 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. No injuries were sustained to any employees or associates of the Group and there was no loss of life. The Group acted rapidly to source temporary warehousing and to ensure that immediate customer orders could be fulfilled. The Group has adequate insurance to recover the loss of inventory and the resulting disruption to trade. The carrying value of inventory lost was £4,291k.

The Group has agreed a settlement for a claim on inventory insurance. £1,778k was received during the year and an additional of £1,769k is expected to be received in 2026 when the claim is settled. The amount expected to be received has not been recognised and is a contingent asset.

The Group has separate claims for business interruption and top up cover provided by a global master program of insurance for both inventory and business interruption. Due to the poor standards and lack of sophistication of the insurance market in the United Arab Emirates the Group has been unable to process the claims under the business interruption insurance to the point where the receipt of funds is virtually certain.

The top up claim on the global master program of insurance can only be agreed after the claim on the primary policy, that has contributory claims language within its policy wording, is agreed. Therefore, the Group has not recognised reimbursement assets in respect of these additional claims.

The best estimate of the probable future economic benefits resulting from past events in respect of the claim is £2,694k.

40. Alternative performance measures

	2025 £'000	2024 £'000
Operating (loss)/profit	**(14,858)**	24,133
Acquisition costs	**185**	1,124
Operating loss of exited businesses	**1,860**	581
Exceptional items	**38,296**	11,962
Share based payments	**4,493**	(888)
Employer taxes on share based payments	**161**	(419)
Amortisation of brands, customer and supplier relationships	**13,489**	12,387
Adjusted operating profit	**43,626**	48,880
Depreciation	**11,637**	10,568
Amortisation of patents and software	**416**	288
Adjusted EBITDA	**55,679**	59,736
Increase in inventories	**(10,643)**	(8,112)
(Increase)/decrease in trade and other receivables	**(4,191)**	13,778
Adjusted increase/(decrease) in trade and other payables[1]	**27,623**	(7,216)
Adjusted cash flow from operations	**68,468**	58,186
Adjusted cash flow conversion	**123.0%**	97.4%

	2025 £'000	2024 £'000
(Loss)/profit before tax	**(30,510)**	22,311
Acquisition costs	**185**	1,124
Loss before tax of exited businesses	**2,017**	893
Exceptional items	**38,296**	11,962
Share based payments	**4,493**	(888)
Employer taxes on share based payments	**161**	(419)
Amortisation of brands, customer and supplier relationships	**13,489**	12,387
Borrowings derivative losses	**1,298**	423
Foreign exchange losses/(gains) on borrowings	**975**	(1,631)
Gain on remeasurement of previously held equity interest	**–**	(1,205)
Other gains and losses on deferred and contingent considerations	**333**	(6,645)
Other gains and losses on put option liabilities over non-controlling interests	**(233)**	834
Adjusted profit before tax	**30,504**	39,146
Finance costs	**(14,105)**	(11,339)
Finance income	**1,030**	812
Finance costs of exited businesses	**157**	312
Foreign exchange derivative (losses)/gains	**(185)**	396
Investment derivative (losses)/gains	**(19)**	1
Adjusted net finance cost	**(13,122)**	(9,818)
Adjusted operating profit	**43,626**	48,880
Share of profit after tax from associate	**–**	84
Adjusted net finance cost	**(13,122)**	(9,818)
Adjusted profit before tax	**30,504**	39,146

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

40. Alternative performance measures continued

	2025 £'000	2024 £'000
(Loss)/profit after tax	**(22,581)**	16,962
Acquisition costs	**185**	1,124
Loss after tax of exited businesses	**1,627**	738
Exceptional items	**38,296**	11,962
Share based payments	**4,493**	(888)
Employer taxes on share based payments	**161**	(419)
Amortisation of brands, customer and supplier relationships	**13,489**	12,387
Borrowings derivative losses	**1,298**	423
Foreign exchange gains and losses on borrowings	**975**	(1,631)
Gain on remeasurement of previously held equity interest	**–**	(1,205)
Other gains and losses on deferred and contingent considerations	**333**	(6,645)
Other gains and losses on put option liabilities over non-controlling interests	**(233)**	834
Tax impact of exceptional costs	**(10,132)**	(2,625)
Tax impact of share based payments	**(1,141)**	223
Tax impact of employer taxes on share based payments	**(38)**	112
Tax impact of amortisation of brands, customer and supplier relationships	**(3,445)**	(2,849)
Tax impact of foreign exchange losses/(gains) on borrowings	**(246)**	443
Adjusted profit after tax	**23,041**	28,946
(Loss)/profit after tax	**(22,581)**	16,962
Non-controlling interest (NCI)	**–**	(932)
(Loss)/profit after tax attributable to equity holders of the Parent Company	**(22,581)**	16,030
Adjusted profit after tax	**23,041**	28,946
Non-controlling interest	**–**	(932)
Share based payments attributable to NCI	**–**	(1)
Employer taxes on share based payments attributable to NCI	**–**	3
Amortisation of brands, customer and supplier relationships attributable to NCI	**–**	(630)
Tax impact attributable to NCI	**–**	158
Adjusted profit after tax attributable to non-controlling interest	**–**	(1,402)

	2025 £'000	2024 £'000
Adjusted profit after tax attributable to equity holders of the Parent Company	**23,041**	27,544
Weighted average number of ordinary shares	**103,020,581**	102,164,466
Diluted weighted average number of ordinary shares	**106,142,092**	105,600,546
Adjusted basic earnings per share	**22.37**	26.96
Adjusted diluted earnings per share	**21.71**	26.08

1 Excludes the movement in cash settled share based payments and employer taxes on share based payments of £301k (2024: 350k).

The full results of exited businesses are included in note 2.

41. Ultimate controlling party

As at 31 December 2025 and 31 December 2024, Midwich Group plc had no ultimate controlling party.

COMPANY STATEMENT OF FINANCIAL POSITION

as at 31 December 2025

	Notes	2025 £'000	2024 £'000
Non-current assets			
Investments	3	**143,552**	47,361
Trade and other receivables	4	**–**	95,256
Deferred tax	5	**–**	159
		143,552	142,776
Current assets			
Trade and other receivables	6	**57**	62
Total assets		**143,609**	142,838
Current liabilities			
Trade and other payables	7	**(4,749)**	(68)
Non-current liabilities	7	**(121)**	(85)
Total liabilities		**(4,870)**	(153)
Net assets		**138,739**	142,685
Equity			
Share capital	8	**1,045**	1,042
Share premium		**116,959**	116,959
Share based payment reserve		**6,039**	6,464
Investment in own shares		**(612)**	(616)
Retained earnings		**15,108**	18,636
Capital redemption reserve		**50**	50
Other reserve		**150**	150
Shareholders' funds		**138,739**	142,685

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 £1,440k (2024: £12,759k).

The financial statements are also comprised of the notes on pages 133 and 134. The financial statements were approved by the Board of Directors and authorised for issue on 16 March 2026 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 2025

	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 2025	**1,042**	**116,959**	**6,464**	**(616)**	**18,636**	**50**	**150**	**142,685**
Profit for the year	**–**	**–**	**–**	**–**	**1,440**	**–**	**–**	**1,440**
Total comprehensive income for the year	**–**	**–**	**–**	**–**	**1,440**	**–**	**–**	**1,440**
Shares issued	**3**	**–**	**–**	**(3)**	**–**	**–**	**–**	**–**
Share based payments	**–**	**–**	**4,353**	**–**	**–**	**–**	**–**	**4,353**
Deferred tax on share based payments	**–**	**–**	**(178)**	**–**	**–**	**–**	**–**	**(178)**
Share options exercised	**–**	**–**	**(4,600)**	**7**	**4,599**	**–**	**–**	**6**
Dividends paid (note 9)	**–**	**–**	**–**	**–**	**(9,567)**	**–**	**–**	**(9,567)**
Transactions with owners	**3**	**–**	**(425)**	**4**	**(4,968)**	**–**	**–**	**(5,386)**
Balance at 31 December 2025	**1,045**	**116,959**	**6,039**	**(612)**	**15,108**	**50**	**150**	**138,739**

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

The financial statements are also comprised of the notes on pages 133 and 134.

NOTES TO THE COMPANY FINANCIAL STATEMENTS

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.

Also 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:

	2025 £'000	2024 £'000
Staff costs		
Wages and salaries	**4,194**	3,415
Social security costs	**549**	285
Pension costs	**101**	83
	4,844	3,783

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:

	2025 Number	2024 Number
By activity:		
Administration	**46**	45

3. Investments

	2025 £'000	2024 £'000
At 1 January	**47,361**	47,936
Additions	**96,191**	–
Disposals	**–**	(575)
At 31 December	**143,552**	47,361

NOTES TO THE COMPANY FINANCIAL STATEMENTS continued

3. Investments continued

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 in the current year represent investments in subsidiaries in respect of equity settled share option schemes of £3,191k (2024: disposal of £575k) and capitalisation of an intercompany loan balance of £93,000k. See note 34 of the consolidated financial statements for details of equity settled share options.

The Company has not recognised any impairment in respect of its investments as the recoverable amounts of investments exceed their the carrying value. The excess of recoverable amounts above the carrying value of investments is demonstrated by the value in use assessment for goodwill in note 14 of the Group's financial statements.

The Directors have exercised significant judgement in assessing the recoverable amount of investments. The significant judgement relates to the Group's loss for the year, which is attributed to the impairment of the Group's ERP system. The Directors have judged that the loss is non-recurring and does not result in future cash out flows on which recoverable amounts have been based.

4. Non-current trade and other receivables

	2025 £'000	2024 £'000
Amounts due from Group undertakings (note 10)	**–**	95,256

5. Deferred tax

	2025 £'000	2024 £'000
Deferred tax asset on temporary differences	**–**	159

6. Trade and other receivables

	2025 £'000	2024 £'000
Prepayments	**57**	62

7. Trade and other payables

Amounts falling due within one year:

	2025 £'000	2024 £'000
Amounts due to Group undertakings (note 10)	**4,444**	–
Accruals	**305**	68
	4,749	68

Amounts falling due after one year:

	2025 £'000	2024 £'000
Accruals	**121**	85

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 (creditors)/debtors are the following transactions and outstanding amounts with Midwich Limited, a wholly owned subsidiary:

	2025 £'000	2024 £'000
Outstanding at 1 January	**95,256**	100,807
Amounts advanced	**9,567**	17,118
Management charges	**204**	204
Capitalisation of loan	**(93,000)**	–
Amounts repaid	**(16,471)**	(22,873)
Outstanding at 31 December	**(4,444)**	95,256

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. Ultimate controlling party

Please see note 41 of the Group's financial statements to which these financial statements are appended for details of the Company's ultimate controlling party.

RESOLUTIONS SUMMARY

Annual General Meeting

The notice convening the Annual General Meeting (the **"AGM"**) is set out on pages 137 to 140. 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 per cent 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 ending 31 December 2025.

Re-election of Directors (Resolutions 2 to 6)

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 58 to 59 and 72.

Re-appointment and remuneration of auditors (Resolution 7)

Resolution 7 proposes the re appointment of RSM UK Audit LLP as auditors of the Company and authorises the Directors to set the auditors' remuneration.

Declaration of dividend (Resolution 8)

The Directors are recommending a final dividend for the financial year ended 31 December 2025 of 3.5p per ordinary share, which requires the approval of the shareholders.

Directors' Remuneration Report (Resolution 9)

This Resolution seeks shareholder approval for the Directors' Remuneration Report (excluding the remuneration policy). The Directors' Remuneration Report can be found on pages 74 to 79 (inclusive) of the Annual Report and Financial Statements.

As in previous years and in line with recommendations introduced by the updated QCA Corporate Governance Code published in November 2023 ("2023 QCA Code"), Resolution 9 offers shareholders an advisory vote on the Directors' Remuneration Report (which reflects the implementation of the Company's existing remuneration policy).

Directors' Remuneration Policy (Resolution 10)

In line with recommendations introduced by the 2023 QCA Code, this Resolution seeks shareholder approval for the Directors' Remuneration Policy. The Directors' Remuneration Policy can be found on pages 74 to 75 of the Annual Report and Financial Statements.

The vote on Resolution 10 is advisory in nature. If the Directors' Remuneration Policy is approved and remains unchanged, it will be valid for three years without new shareholder approval being requested. If the Company wishes to change the Remuneration Policy in any material way, it intends to put the revised policy to a shareholder advisory vote.

Authority to allot shares (Resolution 11)

Under section 551 of the Companies Act 2006 (the **"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 £350,483 (corresponding to approximately one-third of the issued share capital at 2 April 2026 and up to an aggregate nominal value of £700,967 (corresponding to approximately two-thirds of the issued share capital at 2 April 2026) 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 2 April 2026, the Company does not hold any shares in the Company in treasury.

RESOLUTIONS SUMMARY continued

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 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 £700,967 (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 £105,145 (representing approximately 10% of the issued share capital of the Company at 2 April 2026).

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 £105,145 (representing 10% of the issued share capital of the Company at 2 April 2026), 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 ten per cent. 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 per cent. 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 per cent. 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 AGM

Notice of Annual General Meeting

Notice is hereby given that the Annual General Meeting (the **"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 12 May 2026 at 10.00 a.m. 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 lauren.hall@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 Report and Financial Statements for the financial year ended 31 December 2025, 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 Hilary Wright be re-elected as a director of the Company.
5. THAT Alison Seekings be re-elected as a director of the Company.
6. THAT Adam Councell be re-elected as a director of the Company.

Reappointment and remuneration of auditors

7. 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

8. THAT a final dividend recommended by the directors of the Company for the financial year ended 31 December 2025 of 3.5p per ordinary share of £0.01 each in the capital of the Company (**"Ordinary Share"**) be declared.

Directors' remuneration report

9. THAT the directors' remuneration report which is set out on pages 74 to 79 of the Company's Annual Report and Financial Statements for the financial year ended 31 December 2025 (excluding the directors' remuneration policy which is set out on pages 74 to 75 of the Company's Annual Report and Financial Statements), be approved.

Directors' remuneration policy

10. THAT the directors' remuneration policy, which is set out on pages 74 to 75 of the Annual Report and Financial Statements, 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 (the **"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 £350,483 (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 £700,967 (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.

NOTICE OF AGM continued

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 £105,145 (being the nominal value of approximately ten per cent. 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 £105,145; 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 10,514,512 representing approximately 10 per cent 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 per cent. 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 2 April 2026

By order of the Board

Lauren Hall
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 Chairman 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 Chairman) 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. 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. 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 form of proxy for the Meeting in the post. Instead, you will be able to vote electronically. You will need to log into your Investor Centre account, or register if you have not previously done so at https://uk.investorcentre.mpms.mufg.com/. Once you have set up your account you will need to add your shareholding by clicking 'Add Holding' in the 'Portfolio' section and following the on-screen instructions. You will require your Investor Code ("IVC") to add your shareholding. You can find your IVC on your share certificate or by contacting our Registrar, MUFG Corporate Markets. If you need help with voting online, please contact the portal team of our Registrar, 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 09.00 – 17:30, Monday to Friday excluding public holidays in England and Wales.

   Proxy votes must be received no later than 10 am on 8 May 2026 (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 09.00 – 17:30, 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.

NOTICE OF AGM continued

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 apply 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 5.00 p.m. on 2 April 2026, the Company's issued share capital comprised 105,145,126 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 5.00 p.m. on 2 April 2026 is 105,145,126.

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 649 200; 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, 9.00 a.m. to 5.30 p.m. excluding public holidays in England and Wales; or

    — emailing the Company Secretary at Lauren.Hall@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, OFFICERS AND ADVISERS

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Mr S B Fenby
Mr A Councell
Mr M Ashley
Mr A C Herbert
Mrs H Wright
Mrs A Seekings

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Company Secretary
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