

18 January 2023

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

Year End Trading Update

Record revenue of £1.2 billion, with profit before tax ahead of expectations and the Group well placed for the year ahead

Midwich Group plc (AIM: MIDW) a global specialist audio visual distributor to the trade market, is today providing a trading update for the year ended 31 December 2022.

The Group finished the year strongly and the Board now expects to report record revenue for 2022 of £1.2 billion, representing growth of approximately 40% over the prior year (39% at constant currency), with organic growth of over 20%. The gross margin was broadly in line with 2021 levels.

As a result of this strong performance, the Board now anticipates reporting adjusted profit before tax for the 2022 period comfortably ahead of market consensus*.

Adjusted net debt** at the end of the year was under £100 million (representing approximately 1.7 times adjusted EBITDA ***), in line with the Board's expectations. Cash generation was between 50% and 60%, which was also in line with the Board's expectations given the Group's strong revenue growth.

In order to support the delivery of its acquisition pipeline, in December 2022 the Group increased its revolving credit facility from £80 million to £175 million.

Stephen Fenby, the Group Managing Director, commented:

"2022 saw the strongest annual growth in the Group's history, with revenue increasing by over 40% to £1.2 billion. This significant revenue growth led to a record profit performance, for which I would like to thank the team and our partners for their continued support.

Despite continued general economic uncertainty and rising interest rates, the strength of the business and expected growth of the AV market lead the Board to look forward to 2023 and beyond with confidence."

Midwich will announce its final results for the year ended 31 December 2022 on 14 March 2023.

*Market consensus based on an average of £40.8m and a range of £40.1m to £41.2m, as at 17 January 2023

** Adjusted net debt is borrowings less cash and cash equivalents and excludes IFRS 16 lease liabilities

*** Adjusted EBITDA represents operating profit before acquisition related expenses, share based payments and associated employer taxes, depreciation and amortisation and includes a proforma twelve month contribution from acquisitions

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About Midwich Group

Midwich is a specialist AV distributor to the trade market, with operations in the UK and Ireland, EMEA, Asia Pacific and North America. The Group's long-standing relationships with over 600 vendors, including blue-chip organisations, support a comprehensive product portfolio across major audio visual categories such as large format displays, projectors, digital signage and professional audio. The Group operates as the sole or largest in-country distributor for a number of its vendors in their respective product sets.

The Directors attribute this position to the Group's technical expertise, extensive product knowledge and strong customer service offering built up over a number of years. The Group has a large and diverse base of over 20,000 customers, most of which are professional AV integrators and IT resellers serving sectors such as corporate, education, retail, residential and hospitality. Although the Group does not sell directly to end users, it believes that the majority of its products are used by commercial and educational establishments rather than consumers.

Initially a UK only distributor, the Group now has around 1,600 employees across the UK and Ireland, EMEA, Asia Pacific and North America. A core component of the Group's growth strategy is further expansion of its international operations and footprint into strategically targeted jurisdictions.

For further information, please visit www.midwichgroupplc.com

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