

21 July 2025

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

Pre-close Trading Statement

Year-end outlook unchanged despite challenging market conditions continuing

Midwich Group plc (AIM: MIDW), a global specialist audio visual distributor to the trade market, is today providing a trading update for the six months ended 30 June 2025 ("H1 2025"). Outlook for the full year remains in line with the Board's previously revised expectations.

Revenue for H1 2025 is expected to be approximately £620 million, representing a decrease of approximately £28 million (4.3%) versus H1 2024*. Revenue on a constant currency basis reduced by 2.7% (excluding approximately £11m of currency translation headwinds) whilst organic revenue on a constant currency basis was approximately 3.5% below H1 2024.

Whilst global market conditions remain challenging, we were pleased to see a return to growth in the UK & Ireland ("UK&I") which grew approximately 5% versus H1 2024, as a result of new vendor launches and market share gains. UK&I represents approximately 40% of Group revenue.

Revenue in EMEA, which reduced by approximately 7.3% vs H1 2024 on a constant currency basis, was impacted by significant softness in the German corporate end user market and, particularly, major delays to purchase decisions in education ahead of new federal funding being made available later in 2025. Outside of Germany (which represents around one third contribution for the EMEA region), the Group saw revenue growth of approximately 3% in the rest of EMEA, reflecting stronger demand for more technical, higher margin, product categories.

Midwich's North American business saw revenues decline approximately 8.5% on a constant currency basis, resulting from tariff uncertainty and the planned transition to new technical vendors. As trade negotiations are finalised, and new vendors come on stream, we expect to see this region return to growth and deliver strong profitability over the medium term.

Overall, the Group delivered a robust gross margin of approximately 17.7% (H1 2024: 18.0%*), which reflected the continued added value delivered by the Group and the focus on higher margin technical product categories.

Adjusted EBIT was approximately £15.4 million in the period, a reduction of 29% versus H1 2024 on constant currency basis. The Adjusted EBIT margin was approximately 2.5% of sales (H1 2024: 3.4%), reflecting the decline in revenue and the Group's operational leverage. Adjusted profit before tax for H1 2025 is expected to be around £9.5 million (H1 2024: £17.2 million).

Cash generation in H1 2025 was in line with the Board's expectations. Adjusted net debt** increased by approximately £17 million from the prior year end to £148 million, as a result of deferred acquisition payments and normal working capital seasonality. Cost reduction actions taken in the period will result in a one-off cash cost of approximately £2m. At 2.6x adjusted net debt compared to adjusted EBITDA*** at the period end, leverage is expected to reduce to approximately 2.2x by the year end and remains comfortably within the Group's covenants.

Outlook

The Board continues to assume general macroeconomic conditions will remain challenging for the remainder of 2025. Despite this general backdrop, the Group has a strong pipeline of opportunities and productivity initiatives which, when combined with a continued focus on driving further overheads efficiencies and maintaining prudent cash management, the Board's full year expectations remain in line with its previously revised expectations.

As previously disclosed, the Board continues to expect trading for the current year to have a higher weighting to the second half than prior years.

Stephen Fenby, Group Managing Director, commented:

"The first half of 2025 has been challenging for our industry, with education and corporate spend suppressed due to several factors such as high government debt, low or negative GDP growth and tariff uncertainty. As a result, we have seen reduced demand and price erosion of mainstream products which has contributed to compressed net margins, however our higher margin technical product categories, which represent approximately two thirds of H1 sales, continue to be more resilient."

Despite the challenging macro backdrop, the Group has been proactive with its initiatives to drive improved future performance including developing new vendor and customer relationships, building new revenue streams and pursuing operating and cost saving efficiencies. These include exploring opportunities around implementing AI solutions designed to improve the efficiency of the business."

Midwich remains a leading player in a large industry, and we continue to maintain or grow market share in key profitable regions, with a focus on delivering the best service to our customers and vendors. There is no doubt that the first half of 2025 has been tough, and I recognise that the additional workload on my colleagues is significant. I, along with the Board, would like to thank them for their continued efforts. The initiatives and actions taken to expand our reach and improve performance means we continue to look forward with confidence."

Notice of Results

Midwich will announce its half year results for the six months ended 30 June 2025 on 9 September 2025.

* Prior year restated throughout this statement to reflect reclassifications following to the adoption of new accounting standards. These include amendments to IAS 1 presentation of financial statements, IFRS 16 leases, IAS 7 statement of cash flows, and IFRS 7 financial instruments: disclosures. Comparative financial results have been restated as if these changes had always been adopted. The changes are reclassifications that do not alter the net financial performance or position previously reported.

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

*** Adjusted EBITDA operating profit before acquisition costs, exceptional items, share based payments and associated employer taxes, depreciation, amortisation, and impairments and, for leverage purposes, includes a proforma twelve-month contribution from acquisitions

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About Midwich Group

Specialisation at scale.

Midwich Group is a network of businesses which partner with the world's leading technology companies to accelerate their growth. Selling into over 50 countries from 23 global locations, the Group specialises in audiovisual technology - whether in state-of-the-art meeting rooms or on a festival main stage, our solutions help the world connect, communicate, or experience wow moments.

Taking technology further.

With services ranging from product distribution to complex system design, focused marketing campaigns to flexible financing solutions, and showcase events to seed funding for startups, the Group's ever-expanding offering is designed to add value and solve its partners' biggest challenges.

This has enabled the Group to maintain strong relationships with global manufacturers and a diverse customer base of over 21,000, including professional integrators, event production companies and IT resellers in sectors such as education, corporate, retail and live events.

Enabling tomorrow.

With over 1,800 employees across the UK and Ireland, EMEA, Asia Pacific and North America, the company is committed to being a responsible employer.

The Group wants to do the right thing and actively works to limit its impact on the environment and communities, and recognises the importance of giving back - find out more about our sustainability activities [here](#).

For further information, please visit www.midwichgroupplc.com

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