


Annual Report and Accounts 2022



**Electrifying**  
our markets

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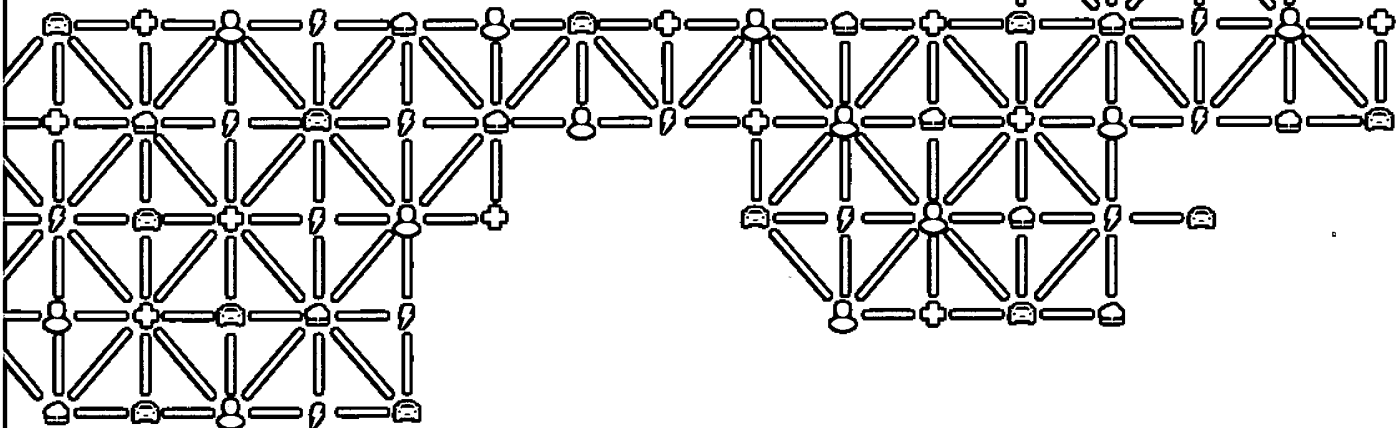
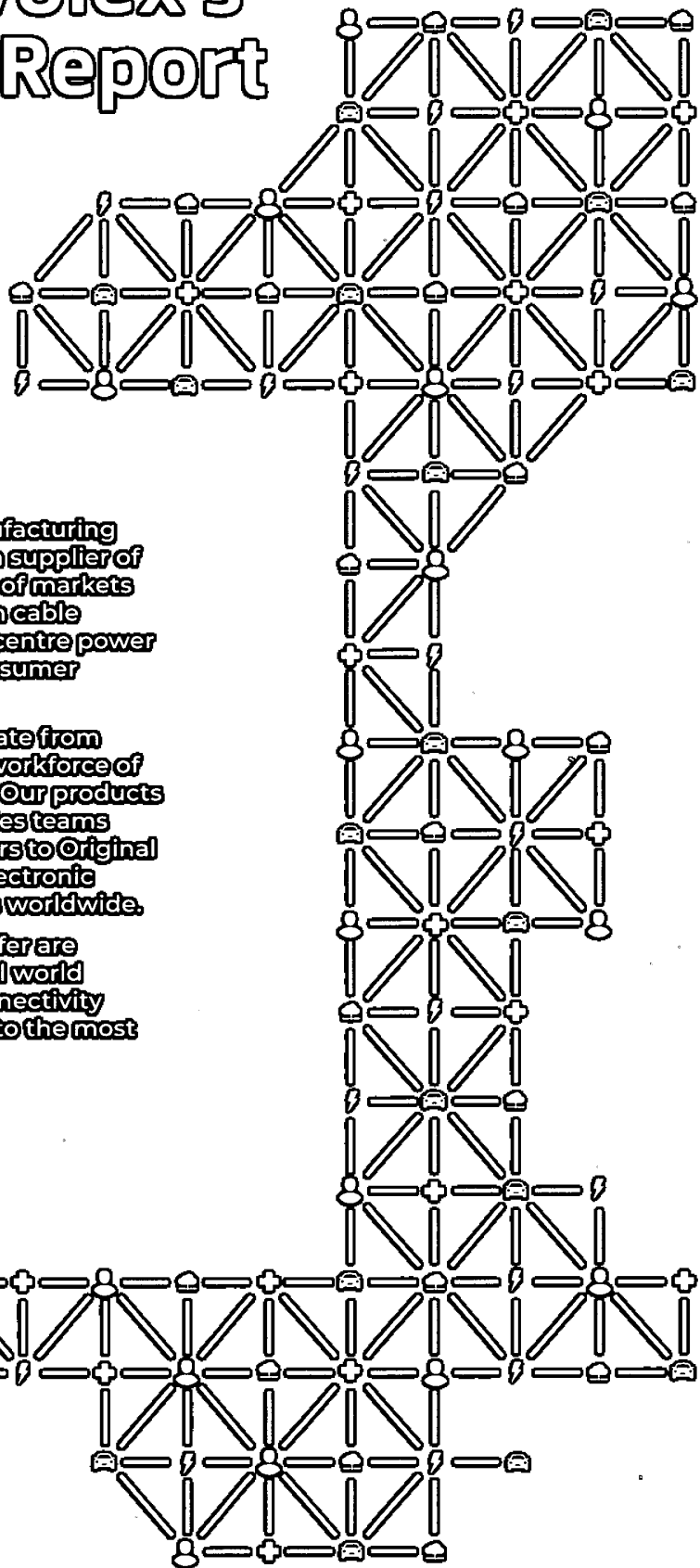
# Welcome to Volex's 2022 Annual Report

**Volex is a global leader in integrated manufacturing for performance-critical applications and a supplier of power products. We serve a diverse range of markets and customers, with particular expertise in cable assemblies, higher-level assemblies, data centre power and connectivity, electric vehicles and consumer electricals.**

**We are headquartered in the UK and operate from 19 manufacturing locations with a global workforce of over 7,800 employees across 22 countries. Our products are sold through our own locally-based sales teams and through authorised distributor partners to Original Equipment Manufacturers (OEMs) and Electronic Manufacturing Services (EMS) companies worldwide.**

**All of the products and services that we offer are integral to the increasingly complex digital world in which we live, providing power and connectivity from the most common household items to the most complex medical equipment.**

**[www.volex.com](http://www.volex.com)**



# Our Story So Far...



Following a further four acquisitions in the year, we have now added 10 high quality businesses to our organisation in the last four years, enhancing our capabilities and reaching new customers. This is in addition to strong organic growth achieved through a relentless focus on efficiency, quality and service. Our strategic investments have transformed our Group, delivering a resilient and capable organisation.

We have a world-class design capability based on over 100 years' experience providing power and data transmission products. Whether we are designing customer solutions, optimising manufacturing processes or creating our own innovative products, our technical and engineering ability adds significant value.

These attributes have created a powerful force in global manufacturing, working with customers from major household names to advanced technology companies. As businesses around the world reconfigure supply chains to enhance their production processes, we are perfectly positioned to deliver the optimal manufacturing solution.



## Highlights

### Underlying operating profit (\$M)<sup>1</sup>

2022	\$56.2m
2021	\$42.9m
2020	\$31.6m
2019	\$21.6m
2018	\$11.5m

### Revenue (\$M)

2022	\$614.6m
2021	\$443.3m
2020	\$391.4m
2019	\$372.1m
2018	\$322.4m

### Profit before tax (\$M)

2022	\$36.2m
2021	\$29.4m
2020	\$15.9m
2019	\$11.6m
2018	\$7.0m

### Net assets (\$M)

2022	\$208.5m
2021	\$183.9m
2020	\$130.5m
2019	\$115.6m
2018	\$48.1m

### Free cash flow (\$M)<sup>2</sup>

2022	\$4.1m
2021	\$31.3m
2020	\$47.4m
2019	(\$10.9)m
2018	\$1.7m

### Underlying basic earnings per share (cents)<sup>3</sup>

2022	26.9cents
2021	32.1cents
2020	18.2cents
2019	13.1cents
2018	9.2cents

Underlying operating profit, free cash flow and underlying basic earnings per share are alternative performance measures. More details on alternative performance measures can be found on page 33

<sup>1</sup> Underlying operating profit is operating profit before adjusting items and share-based payment charges – see note 7 on page 119.

<sup>2</sup> Free cash flow is net cash flow before financing activities and the acquisition of businesses, net of cash acquired.

<sup>3</sup> Based on profit before adjusting items and share-based payments, net of tax – see note 11 on page 121.

## CONTENTS

### BUSINESS OVERVIEW

Highlights	01
Our Investment Proposition	02
Our Culture	03
At a Glance	04
Our Diversified Portfolio	06
Executive Chairman's Statement	08

### STRATEGIC REPORT

Our Markets	12
Business Model	16
Strategy	18
Key Performance Indicators	22
Operational Review	24
Performance Review	28
Financial Review	33
Group Risk Management	38
Section 172 Statement	44
Sustainability at Volex	45
Environmental Sustainability	48
Streamlined Energy and Carbon Reporting Statement	49
Social Impact	51
Governance and Compliance	54

### GOVERNANCE

Board of Directors	58
Executive Chairman's Introduction	60
Corporate Governance Report	62
Audit Committee Report	68
Nominations Committee Report	71
Safety, Environmental and Sustainability Committee Report	73
Remuneration Committee Report	75
Directors' Report	90
Statement of Directors' Responsibilities	93
Independent Auditors' Report to the Members of Volex plc	94

### FINANCIALS

Consolidated Income Statement	102
Consolidated Statement of Comprehensive Income	103
Consolidated Statement of Financial Position	104
Consolidated Statement of Changes in Equity	105
Consolidated Statement of Cash Flows	106
Notes to the Financial Statements	107
Company Statement of Financial Position	149
Company Statement of Changes in Equity	150
Notes to the Company Financial Statements	151
Five Year Summary	163
Shareholder Information	164

# Our Investment Proposition

Our customers require flexibility and responsiveness, and we meet these challenges through our global model of integrated manufacturing, tariff-free locations, advanced engineering, local support, and an ever-expanding portfolio of products and capabilities. Through our complementary acquisition strategy, we will be there to support their future needs as markets and technologies continue to expand and innovate.

## Quality and Reliability

Quality is at the heart of everything we produce. We adhere to stringent safety standards and deliver rigorous factory testing and certification to ensure exceptional performance and reliability.

➡ Read more about our Quality and Reliability on page 16

## Global Presence

With 19 manufacturing sites, and sales and technical support teams across three continents and 22 countries, we are available when, and where, our customers need us.

➡ Read more about our Global Presence on page 12

## Purchasing Power

No matter the requirement, partnering with us allows our customers to benefit from global economies of scale and significant purchasing power across all of our businesses.

➡ Read more about our Purchasing Power on page 26

## Acquisition Approach

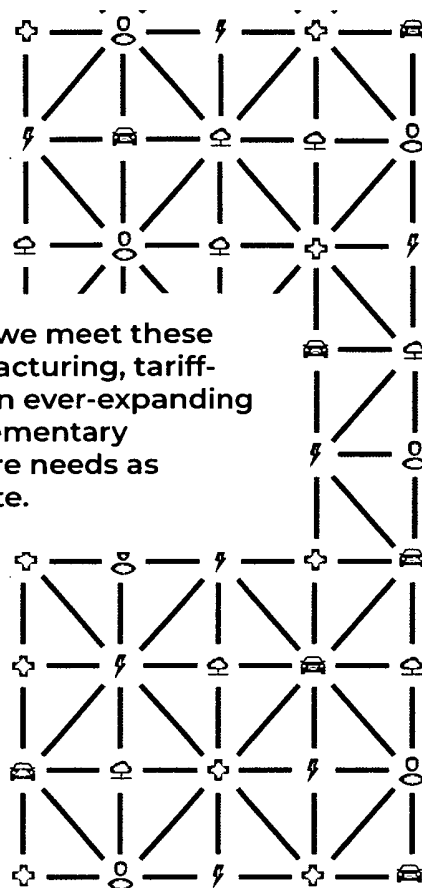
With 10 acquisitions and successful integrations completed since 2018, we are committed to a continuous search for complementary businesses that strengthen our vertical integration and global supply strategy.

➡ Read more about our Acquisition Approach on page 04

## New Markets With High-Growth Opportunity

We are integrated into markets with the opportunity for exponential growth, including Electric Vehicles and Data Centres.

➡ Read more about our Exciting Markets on page 12





# Our Culture

We are proud of our culture – it underpins everything that we do. Our people are passionate about our customers and, through collaboration and hard work, commit to delivering products that are right the first time, every time. We employ the Japanese philosophy of Kaizen, involving all of our people in the continuous improvement of our operations.

At Volex, our passion is our customers. All of our employees work tirelessly to support the delivery of quality products on time, and in full, each time and every time. We know that our products allow a wide range of technologies to operate efficiently and safely. With customers all over the globe, and complex global supply chains, the effectiveness of how our multicultural and multilingual teams work together is critical to our success. It's all about people.

## Our purpose:

At Volex we help to power life.

## Our vision:

To be a leading global supplier of power and connectivity-related solutions to our customers in our chosen markets.

## Our mission:

To deliver safe and sustainable power and connectivity-related solutions to our customers, enabling them to succeed in an era of rapid technological acceleration.

## The culture at Volex

As a global team at Volex, we have manufacturing specialists working around the world across all time zones to deliver innovative, defect-free solutions for our customers. We have experts in design, development, manufacturing, procurement, logistics, export and distribution so that we can react quickly to support our customers' requirements. In FY2022 we continued our support to our customers throughout the Covid-19 pandemic working tirelessly to ensure our quality and on-time delivery, despite significant challenges within the global supply chain. As the vaccination programmes developed, we supported our employees to get vaccinated, often organising mass vaccination programmes at our larger sites in collaboration with community and health partners. We believe in our customers and we work each day to increase our efficiency and our performance through a company-wide implementation of continuous improvement principles and by sharing our best practices and our learnings across our organisation.

## Engaging with our stakeholders

Ensuring open and effective dialogue with all of our stakeholders is important to us.

➔ Read more about our Engagement with Stakeholders on page 44

## Supported by our values



## At a Glance





# Acquisition Strategy

Acquiring and integrating excellent quality businesses into Volex has been an important element of our growth strategy. This approach has enabled us to grow capacity and capability and establish new customer relationships. Identifying the right businesses is crucially important, as is developing and executing an effective integration plan.

04

Volex plc Annual Report and Accounts 2022

### Sectors

-  Electric Vehicles
-  Consumer Electricals
-  Medical
-  Complex Industrial Technology

## FY2021



### DEKA

A Volex Company

DE-KA is the leading manufacturer of power cords for the European domestic appliances market, working with household name customers from its automated facilities in Turkey. It has seen an increase in demand as extended shipping times and higher freight costs have impacted Asian competitors.

#### How did this add to our capabilities?

With best-in-class cable extrusion expertise, DE-KA has formed a knowledge sharing network with our other extrusion facilities. This has accelerated the optimisation and development of our in-house extrusion capability. DE-KA have significant experience in the deployment of automated production to drive efficiency, enhancing profitability and meeting demanding customer timelines.

#### Link to sector



## FY2022



**IRVINE ELECTRONICS**  
A Volex Company

From its dedicated manufacturing site in California, Irvine delivers complex printed circuit board assemblies for mission-critical applications. Working with significant names in defence and aerospace, Irvine has an exceptional reputation for quality.

#### How did this add to our capabilities?

The acquisition strengthens Volex's existing profile in North America, adding further capabilities and capacity in California to augment the Group's existing operations in Washington State and Mexico, creating a compelling value proposition for customers in the region.

#### Link to sector



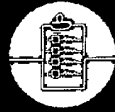
## What we look for in an acquisition

Our acquisition criteria are based on a combination of factors aligned with our strategic goals.



### Customers

We like businesses with strong customer relationships that create new opportunities and revenue synergies.



### Capabilities

Acquisitions have allowed us to accelerate the expansion of our capabilities, offering further value-added services to our customers.



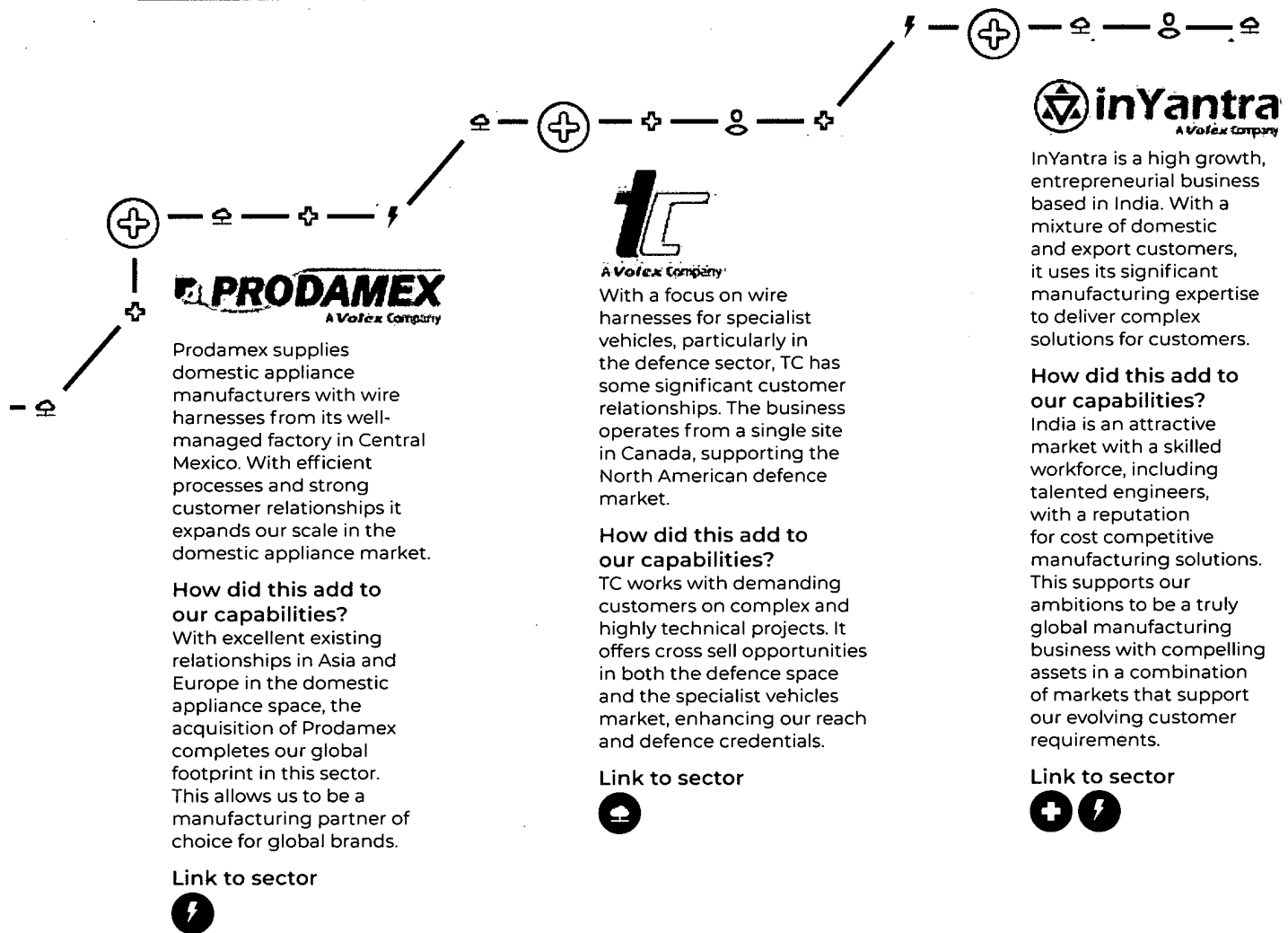
### Location

We have enhanced our global footprint by acquiring in attractive markets, creating globalised operations that differentiate us from our peers.



### Culture

Well managed, entrepreneurial businesses with strong management teams fit perfectly with our established business culture.



10

Number of acquisitions since 2018

12

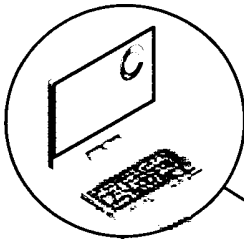
new production facilities acquired



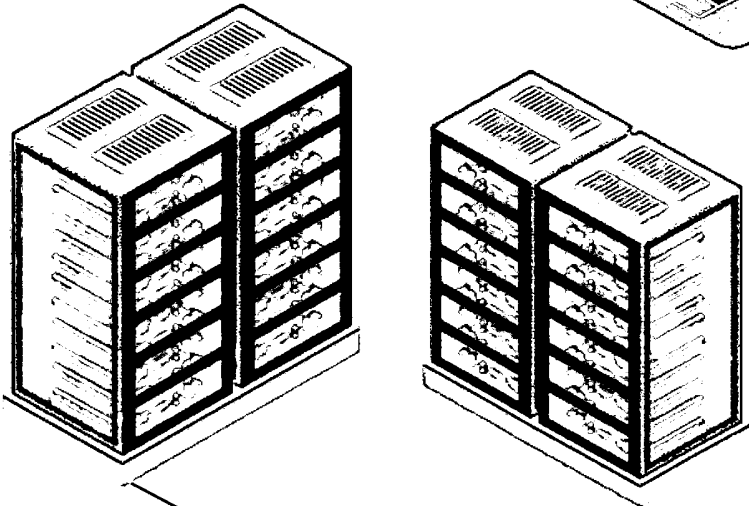
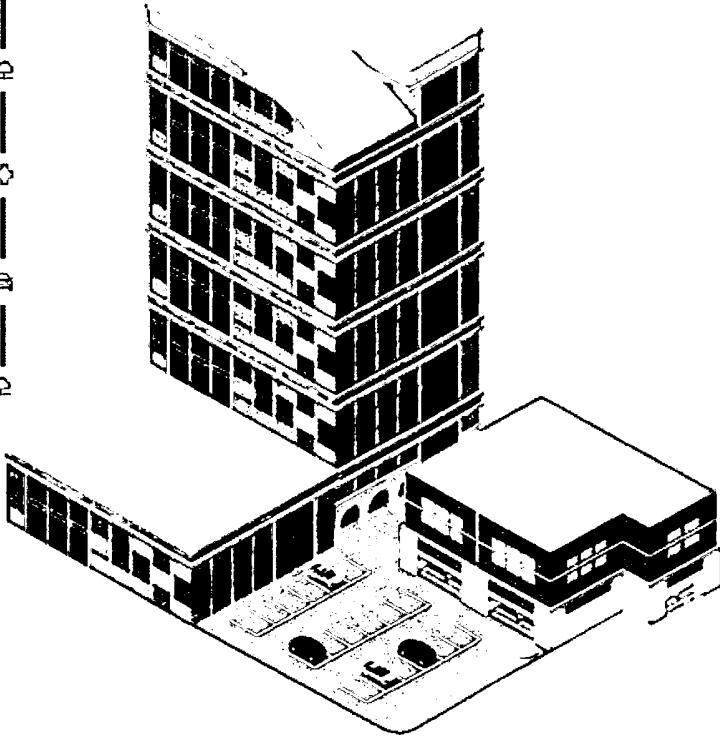
Read more about our Full Strategy on page 18

# Our Diversified Portfolio

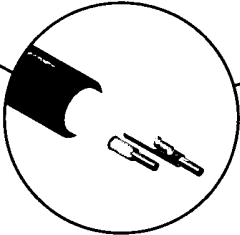
At Volex we are dedicated to improving the quality of life around the world by bringing connectivity and power to high-tech equipment that is changing how we live, work and communicate. We invest in developing our production sites to meet our customers' evolving requirements. We have assembled a compelling and diverse range of capabilities to provide our customers with an integrated solution to their manufacturing challenges.

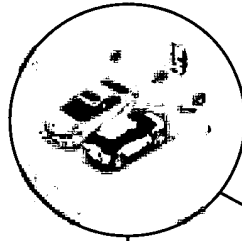
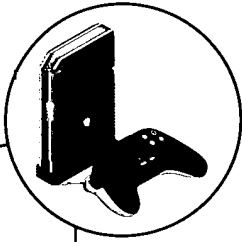


**Power cords**  
We make high-quality power cords to meet international safety standards and fit with the demanding requirements of our customers



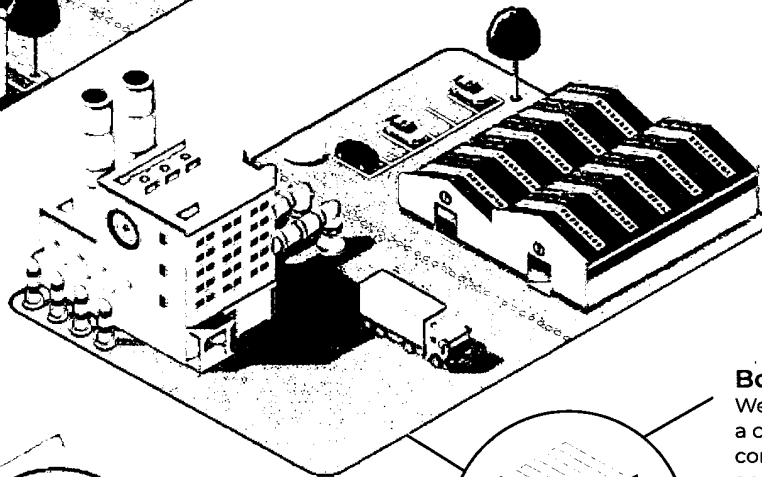
**High-speed data cables**  
We deliver market-leading high-speed data cables, which undergo end-to-end testing to ensure they surpass our customers' quality requirements





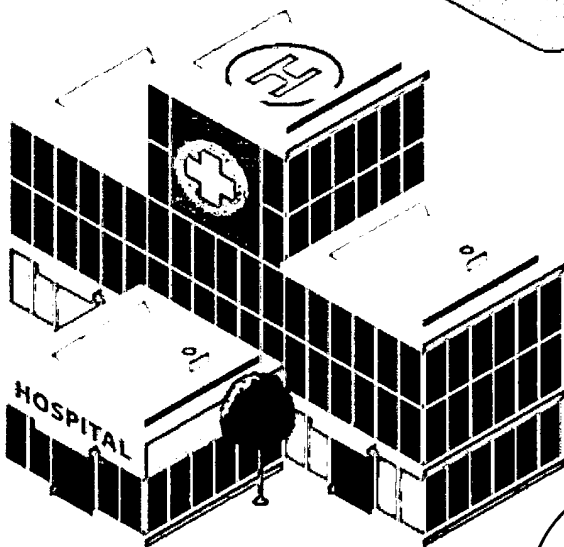
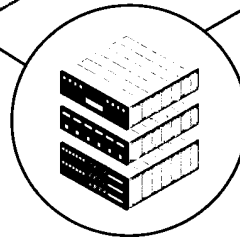
### Electric vehicles

We have unrivalled expertise in the manufacture of a range of electric vehicle components and we are proud to work with the biggest names in the industry



### Box builds

We can take a customer's complete design and build the entire product, including Printed Circuit Board ("PCB") assembly and box build

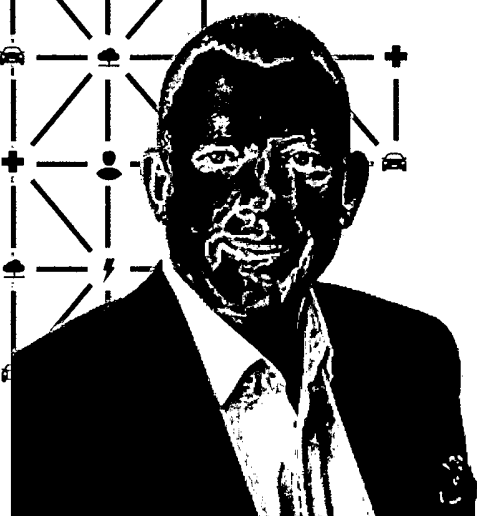


### Cable assemblies

Our complex cable assemblies are used in performance-critical industries, including aerospace and medical



# Executive Chairman's Statement



Our business is robust and resilient, with a range of complementary capabilities, well suited to the dynamic needs of our global customer base.

08

## ▲ Nathaniel Rothschild Executive Chairman

### Introduction

In a challenging year for all manufacturing businesses, our strong performance throughout the year and delivery of results that are ahead of consensus market expectations, demonstrates that our strategy is working. Revenue and underlying operating profit are significantly higher for FY2022 as a result of strong organic revenue growth and acquisitions.

Our business is robust and resilient, with a range of complementary capabilities, well suited to the dynamic needs of our global customer base. We operate within a fragmented market where our reputation for innovation and quality is a key differentiator. Customers recognise our ability to deliver increasingly complex manufacturing services successfully, and the significant value that we can add to their processes. In particular, our design skills significantly enhance the customer relationship, demonstrating innovative solutions to address the real-life challenges that our customers face.

Market demand remains strong, with continued momentum from our Electric Vehicles and Consumer Electricals customers, as well as a robust recovery within the Medical and Complex Industrial Technology sectors following the impact of Covid-19. We are well attuned to the trends in our markets and how our customers' requirements are evolving. These factors are critical inputs to our strategic plans, giving us confidence that we are pursuing the right path.

### New five-year plan

Having delivered revenue and underlying profit growth significantly ahead of the ambitious five-year plan we set out in 2019, we have developed a new, stretching plan. Our ambition is to deliver revenue of \$1.2 billion by the end of FY2027, including at least \$200 million of revenue from new acquisitions. We aim to achieve this while maintaining our current underlying operating profit margin within a range of 9-10%.

### Overall approach

We identify areas of manufacturing need where our capabilities, intellectual property and manufacturing methodology enable us to be cost competitive, while generating attractive commercial returns.

We understand how to operate in a competitive environment and have invested in vertical integration to generate suitable margins. We have significant expertise in high-mix production, allowing us to be competitive through a range of lower-volume order quantities. Our manufacturing facilities are led by experienced general managers, focused on optimising throughput and mix. Each of these facilities are underpinned with a regional leadership team, providing the managers with expert local support.

The majority of our larger customers are global companies who are looking for a reliable international manufacturing partner. This is becoming increasingly important as customers look to address supply chain complexity by identifying suppliers who can provide solutions closer to their end markets. With customer-facing teams around the world, we use our knowledge of our end markets to develop compelling customer solutions.

Our significant experience in our chosen markets enables us to develop our own designs, locking in intellectual property that we protect with patents, where appropriate.

We have accelerated organic investment in the business during the year and will build on this momentum moving forward. Our investment is directed at areas where we have the capability to grow significantly and where we can optimise our manufacturing process. The majority of projects we identify pay for themselves within two years, making this investment very attractive. This is complemented by our established continuous improvement activity, which generates efficiency benefits across our organisation.

### Market trends

The world is currently a complicated place and to support customer delivery during a period of extended lead times, we have invested in additional inventories to ensure we have availability of components when required. This has increased levels of working capital but has, importantly, also protected revenue and deepened customer relationships.

Inflation across raw materials has been a feature of the manufacturing environment over the last year. However, the arrangements established with

➔ Read more  
about our  
Markets  
on pages  
12 and 30

our customers allow us to pass through higher input costs, although there is often a time delay between the impact of higher input costs on us and re-pricing. We have followed an efficient and transparent process to support this activity, allowing us to minimise the impact on margins.

### Investing in growth

Our track record of acquiring strong businesses at attractive valuations has continued this year with four further transactions completed, for a total consideration of \$47.1 million. We acquired Irvine Electronics ("Irvine") in California, USA, and Terminal & Cable ("TC") in Canada, both specialist integrated manufacturing businesses, with a strong presence in the North American defence market. Irvine specialises in printed circuit board assemblies for deployment in specialist, mission-critical applications. TC is a specialist in complex cable assemblies for military vehicles.

The acquisition of Prodamex in Mexico, a manufacturer of wire harnesses for domestic appliances, advances our strategy to provide a unified solution for global white-goods manufacturers. We will combine its North American capability together with the significant strength and experience we already have in Europe and Asia, to drive economies of scale and maximise cross sales opportunities.

We also purchased a majority equity stake in inYantra in India, together with 13.5 acres of industrial land with potential for future site expansion, harnessing its expertise in printed circuit board assembly and box build integrated solutions. This transaction offers an excellent strategic opportunity to expand our global footprint, bringing new and strengthened capabilities in the key Indian market.

The success of our strategy and the organic growth we have delivered, combined with attractive acquisition opportunities to deliver further growth, has given us the confidence to deploy further investment. With a strong track record of delivering compelling returns, we have successfully completed a number of transformational projects this year. In particular, we have vertically integrated our Electric Vehicles power cable production and created an efficient production capability for the next generation of high-speed data centre cables.

### People and organisation structure

Successfully combining the skills and expertise of our talented workforce has allowed us to deliver transformational change, continuous improvement and exceed customer expectations. Effective collaboration, encouraging change and an entrepreneurial spirit, creates an environment in which innovation can flourish. With talented local management in our manufacturing facilities, we are able to respond quickly to changing customer requirements and disruptions in the supply chain.

To enhance the delivery of growth and integration, we have formalised a regional leadership structure, enhancing our ability to lead change programmes and identify cross-selling opportunities.

On behalf of the Board, I thank all our employees for achieving so much in what has been a very challenging manufacturing environment.

### Environmental, Social and Governance ("ESG")

Many of our products are aligned to key ESG objectives, including manufacturing for electric vehicle charging, medical purposes and for greater efficiency including robotics and automation.

However, focusing on our own performance, as well as what we sell to customers, is also important. This year we have implemented a sustainability reporting system to help define and measure progress towards ESG objectives. Going forward, this will be an increasing area of focus for our business as we look to embed a culture of improvement in these areas.

### Dividend

Reflecting our confidence and the Group's robust financial position, the Board is pleased to announce it is recommending a final dividend of 2.4 pence per share. Together with the interim payment of 1.2 pence, this gives a total dividend for the year of 3.6 pence, an increase of 9.1% on the prior year.

### Outlook

We have seen a strong start to the new financial year, with high levels of customer demand. This includes strong orders for more complex products with longer lead times.

We have adapted to the significant supply chain and inflationary challenges which have developed during FY2022 and continue to monitor developments closely, taking a proactive approach to addressing issues as they emerge. We run our operations flexibly and will respond quickly to changing supply and demand environments.

Having built a dynamic, resilient business with diverse capabilities and excellent customer relationships in attractive markets, we are well positioned to deliver on the tremendous potential of Volex's business and capitalise on the growth opportunities in our markets.

With a clear strategy, strong demand and an ambitious and talented team, we are excited about the opportunity in FY2023 and beyond.

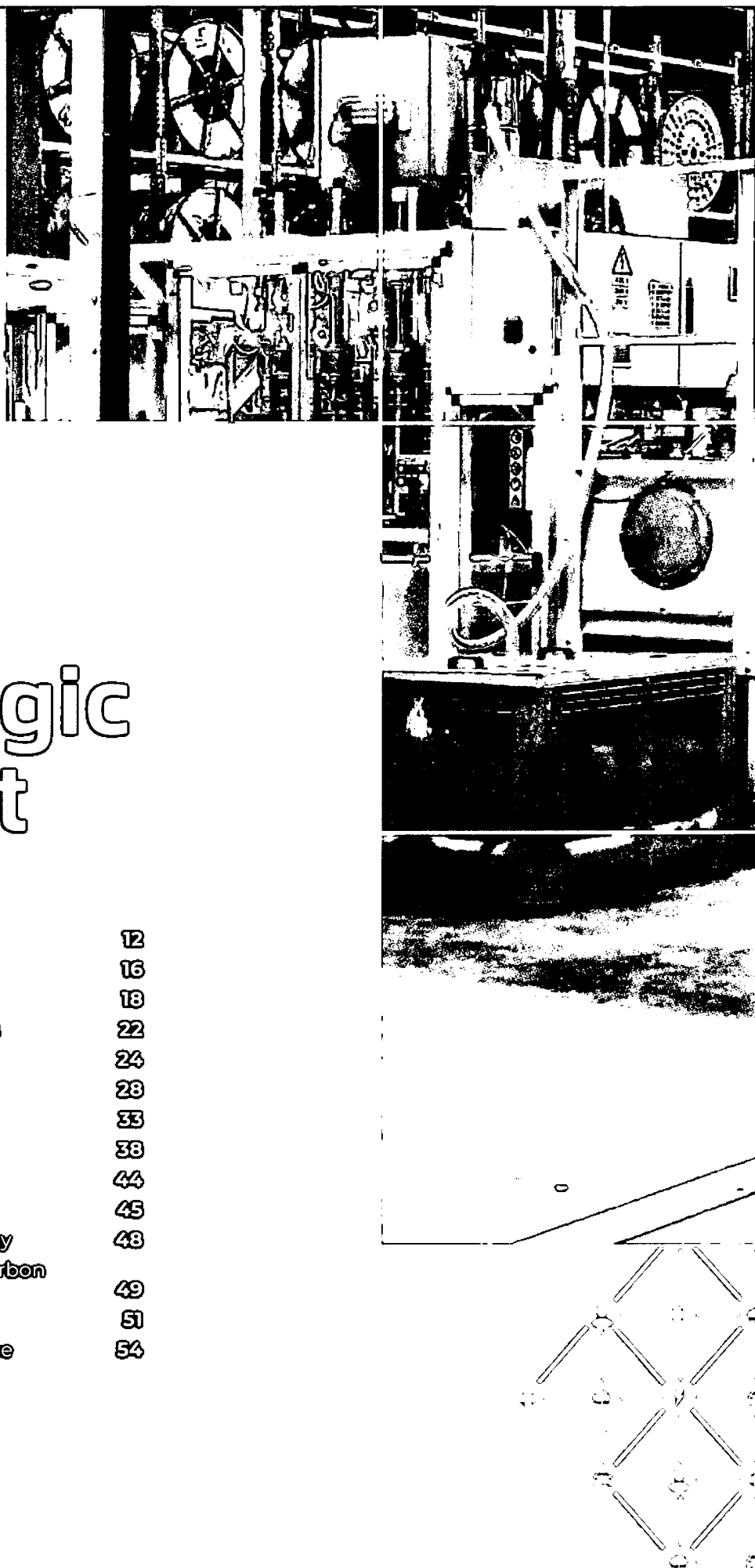


Nathaniel Rothschild  
Executive Chairman

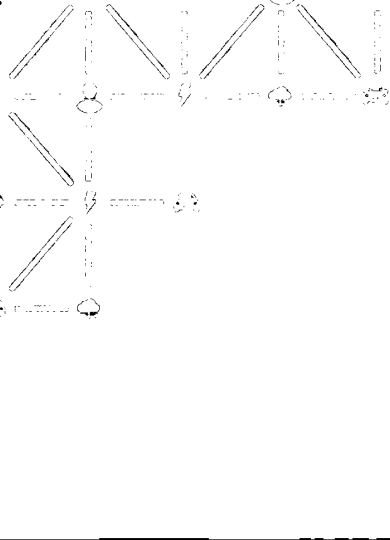
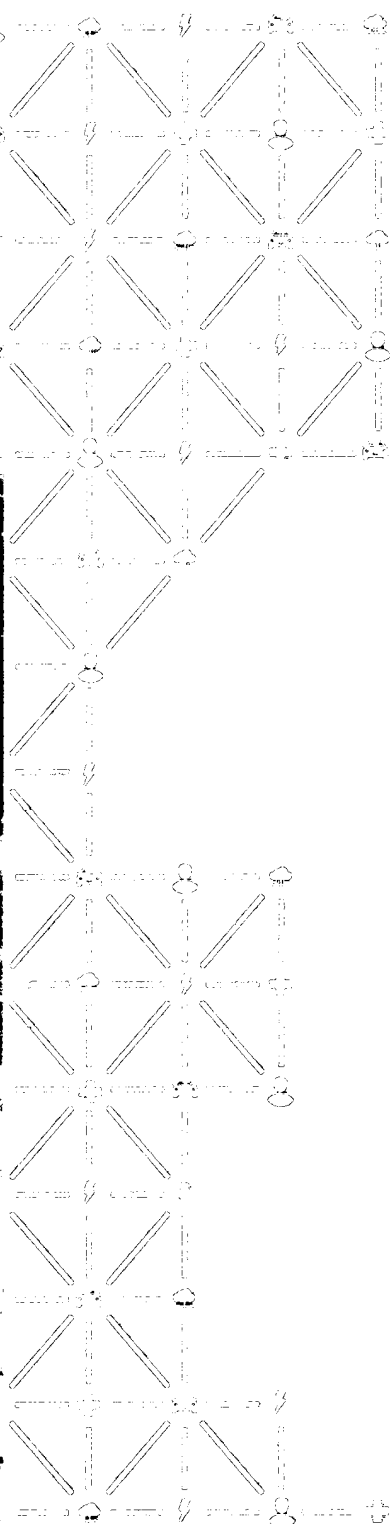
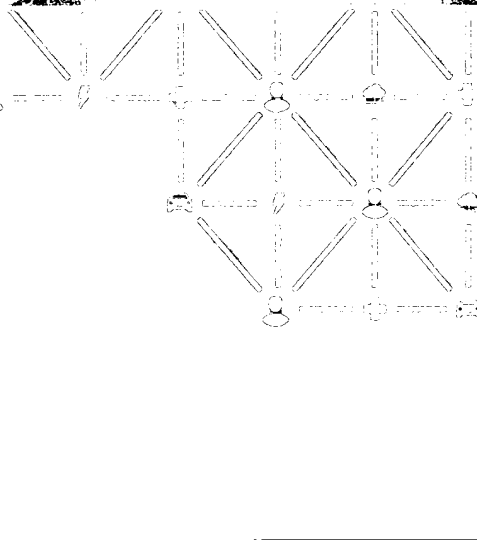
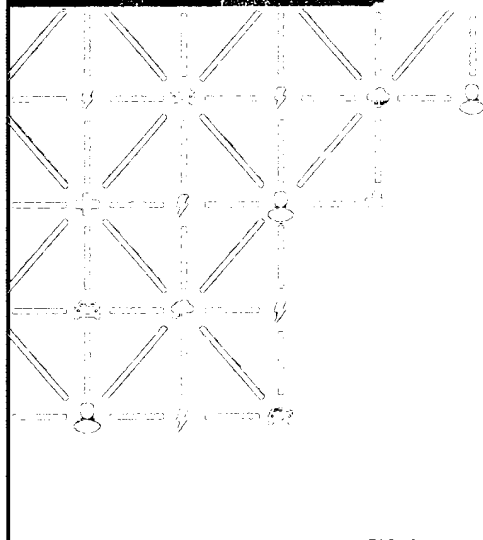
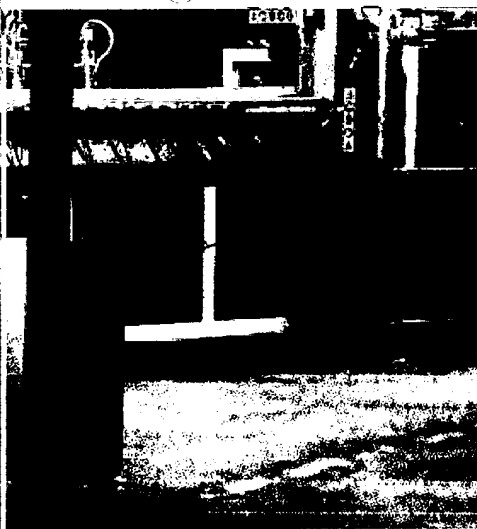
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# Strategic Report

<b>Our Markets</b>	<b>12</b>
<b>Business Model</b>	<b>16</b>
<b>Strategy</b>	<b>18</b>
<b>Key Performance Indicators</b>	<b>22</b>
<b>Operational Review</b>	<b>24</b>
<b>Performance Review</b>	<b>28</b>
<b>Financial Review</b>	<b>33</b>
<b>Group Risk Management</b>	<b>38</b>
<b>Section 172 Statement</b>	<b>44</b>
<b>Sustainability at Voilex</b>	<b>45</b>
<b>Environmental Sustainability</b>	<b>48</b>
<b>Streamlined Energy and Carbon Reporting Statement</b>	<b>49</b>
<b>Social Impact</b>	<b>51</b>
<b>Governance and Compliance</b>	<b>54</b>



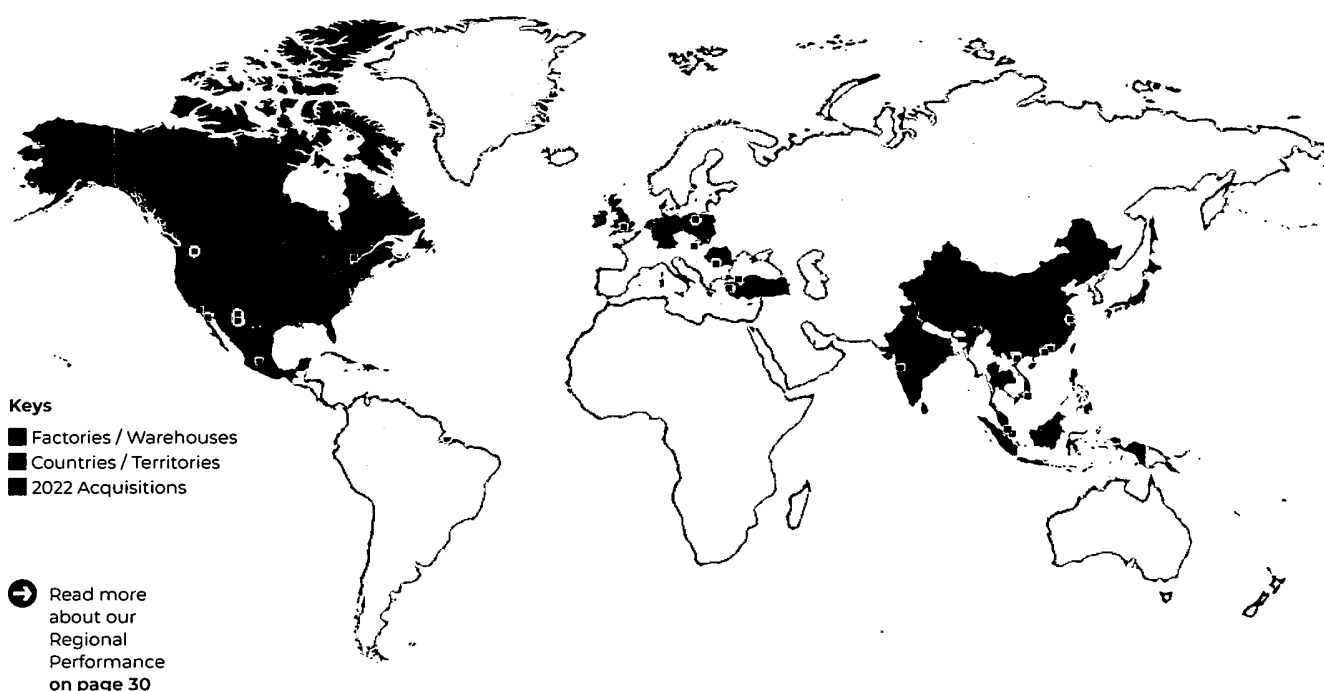




# Our Markets

## Our Locations

We operate in markets in which we have a deep understanding, which allows us to maintain our position as the manufacturing partner of choice for our customers, many of whom are leaders in their field and recognised as innovators. It is therefore vital that we continuously monitor, understand and respond to the latest developments in the industries that we support.



### North America

#### Overview

North America is an important market and home to some of our high-growth customers in the Electric Vehicles sector and Data Centre sub-sector. We have a variety of manufacturing options within and outside the region.

#### Outlook

Demand from North American customers was strong, which is expected to continue due to the high level of order backlogs from the component shortages in FY2022. The segment will benefit from the acquisitions of Irvine, Prodamex and TC in FY2022.

**44%**

Revenue from North America

### Asia

#### Overview

This is a major market for Consumer Electricals and the centre of manufacturing for many of the household name customers we support in this sector.

#### Outlook

Demand from customers remains strong for exports, although shortages of some components are creating challenges for some customers. Demand is expected to remain fairly stable from customers who supply into this region. The segment will benefit from the acquisition of inYantra in FY2022.

**23%**

Revenue from Asia

### Europe

#### Overview

With the acquisition of DE-KA in FY2021, we have a significant power cord customer base in Europe, particularly for domestic appliances. We also have a number of important Medical and Industrial customers.

#### Outlook

We expect demand for domestic appliances to soften slightly from the high levels in FY2022. We intend to broadly offset this with cross sales opportunities. Demand from our Medical customers is expected to remain at similar levels to this year.

**33%**

Revenue from Europe

## Macroeconomic Trends



# Our Markets

Responding to customer requirements is incredibly important and a key pillar of our strategy. We develop our capabilities and manufacturing footprint in response to our customers' developing demands and other industry trends.



## Electric Vehicles

### Customer developments

- ▶ Increased environmental awareness is driving demand for electric vehicles, with the technology behind them now largely accepted
- ▶ Public charging infrastructure continues to grow, with charging speeds improving, leading to increased driver confidence and simplifying the ownership proposition
- ▶ Advances in battery technology will reduce barriers to adoption as will reductions in the cost differential between EV and internal combustion engine vehicles
- ▶ Governments are encouraging a move to EV through policies, which can include incentives for vehicle purchases, higher taxes on fossil fuel technology and the introduction of targets to end sales of ICE vehicles

### How we are responding

- ▶ We have further increased our EV production capability during FY2022 to allow us to meet customer demand
- ▶ As the adoption of EV becomes more widespread, we are expanding our customer base and working with our customers to meet their individual challenges
- ▶ We have expanded our range of products to take account of how the EV market is developing and to offer a range of solutions that meet customer requirements and play to our strengths
- ▶ We continue to invest in product specialists and engineers to develop our product range to ensure we stay at the forefront of this technology

**108.0%**

increase in global EV sales in 2021<sup>1</sup>

**19.2%**

forecast annual growth in EV market<sup>2</sup>



## Consumer Electricals

### Customer developments

- ▶ Increased levels of home working continued through FY2022 creating demand for home office equipment
- ▶ Transition to more innovative and energy efficient domestic appliances will drive future demand
- ▶ Challenges in logistics and supply chains have forced manufacturers to look at their procurement strategies, with many major OEMs regionalising supply chains
- ▶ Customers are holding higher levels of inventory to reduce the impact to production schedules from shortages or delivery delays

### How we are responding

- ▶ We have worked very closely with our customers throughout FY2022 to help them manage continued high demand
- ▶ Our investment in automation and creating an efficient manufacturing environment means we can respond effectively to customer requirements
- ▶ We have a variety of options to support our customers' logistical requirements, which include manufacturing in a variety of locations and the ability to hold inventory locally to support fulfilment
- ▶ We have developed a fully global domestic appliances offering through the acquisitions of DE-KA and Prodamex
- ▶ The vertical integration we have implemented in respect of power cord production allows us to be one of the lowest cost manufacturers

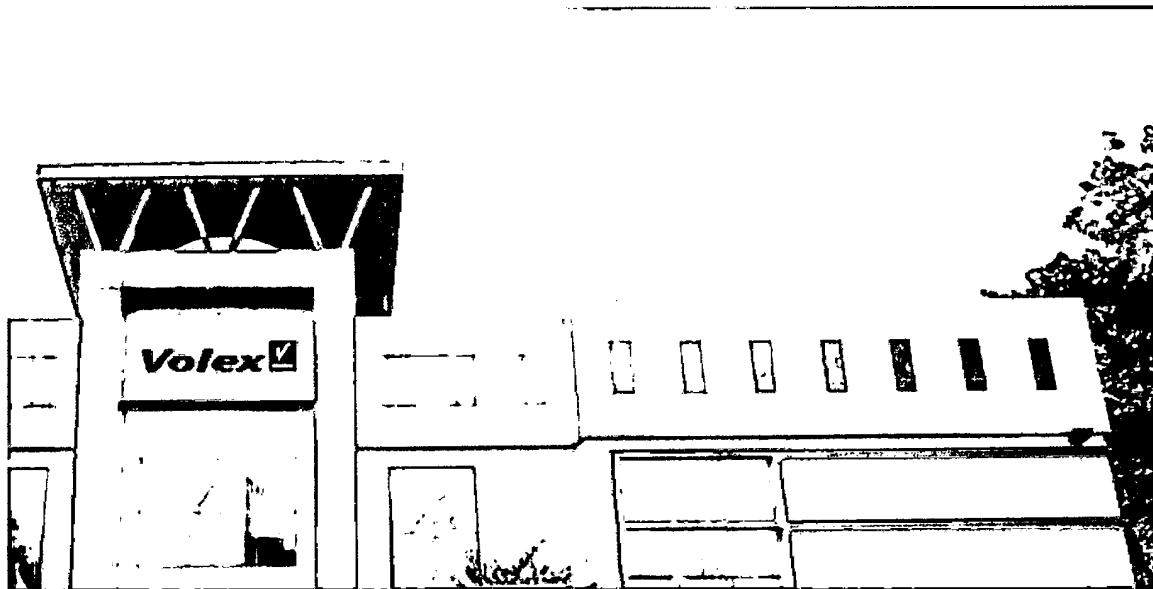
**4.3%**

Increase in US consumer electrical spend in 2021<sup>3</sup>

**14.1%**

annual growth in smart appliances market<sup>4</sup>

➔ Read more about our Strategic Pillars on pages 20 and 21



## Medical

### Customer developments

- ▶ Our Medical customers continue to operate at the forefront of technology, delivering innovation to improve patient outcomes
- ▶ Diagnostic and treatment equipment is becoming more complex to allow innovations such as image-guided therapy and precision diagnosis resulting in additional digital data capture from a range of sensors
- ▶ There is an increased focus on supply chains with the pandemic highlighting dependencies on particular countries or delivery corridors
- ▶ Additional investment will be required to address the backlog in screening and treatment caused by Covid-19

### How we are responding

- ▶ We are investing in technology and infrastructure so we can continue to deliver the manufacturing capabilities that our customers require
- ▶ Our significant experience in the Medical market and our ability to cope with customisation allows us to support the new generation of medical devices that rely upon a greater number of sensors
- ▶ We have facilities around the world that are accredited to stringent medical manufacturing standards, meaning we can manufacture in multiple locations to meet customer requirements
- ▶ Our investment in automation and process efficiency allows us to flex our output to meet the demand requirements of our Medical customers

6.6yrs

Increase in life expectancy 2000–2019<sup>5</sup>

5.4%

Annual growth in medical devices market<sup>6</sup>



## Complex Industrial Technology

### Customer developments

- ▶ Our Data Centre customers will begin to transition from 100Gbps high-speed data cables to the new generation of 400Gbps cables, driving future growth
- ▶ The trend for data to move into the cloud is likely to continue as it simplifies the provision of enterprise systems in a world where an increasing amount of work is done away from the office
- ▶ The requirement for solutions such as industrial automation is expected to increase in response to high levels of demand for manufacturing capacity and a continuing requirement to deliver efficiencies in production
- ▶ Extended supply chain lead times delayed some industrial customers projects, although with demand still high, order backlogs are growing

### How we are responding

- ▶ Our next generation of high-speed data centre products will allow our customers to keep pace with the expansion in data and cloud requirements
- ▶ The capacity in our factories is scalable to meet customer backlogs
- ▶ Our skilled production operatives possess significant knowledge on how to manufacture the complex products that our customers depend on us for
- ▶ We are able to offer customers flexibility of manufacturing locations which help them manage the supply chain and reduces the impact from tariffs

60.0%

Corporate data stored in the cloud<sup>7</sup>

9.8%

Annual growth in Industrial automation<sup>8</sup>

- 1 EV Volumes Global EV sales
- 2 Globe News Wire EV forecast 2022-2027
- 3 Statista research on US consumer electronics industry
- 4 Statista smart appliances growth 2022-2026
- 5 WHO Global Health Observatory
- 6 Fortune Business Insights, annualised growth 2021-2028
- 7 Statista research on cloud storage
- 8 Fortune Business Insights, annualised growth 2022-2028

# Business Model

Voilex's business model is based on adding value to customers, delivered through our expertise in design and development of our own products to meet their needs, and in providing vertical manufacturing, engineering and testing services for their products.

## INPUTS



## MANUFACTURING PLATFORM

### Design capability

We have world-class product and process engineering with many years of experience in our markets. This allows us to partner with customers to provide solutions to their manufacturing challenges.

### Intellectual property

Our design teams identify and develop novel solutions to engineering challenges allowing us to register a small number of patents every year. This augments our manufacturing know-how that has been developed over a number of years.

### Diverse requirements

As a trusted manufacturing partner to global blue-chip companies, we have significant experience in dealing with complex requirements.

### Talented teams

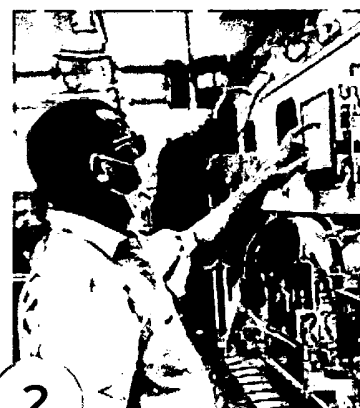
We have incredibly talented teams, who are focused on exceeding our customers' expectations. With decentralised decision making, local management deliver plans to optimise delivery within our plants.



1

### Advanced manufacturing assets across three continents

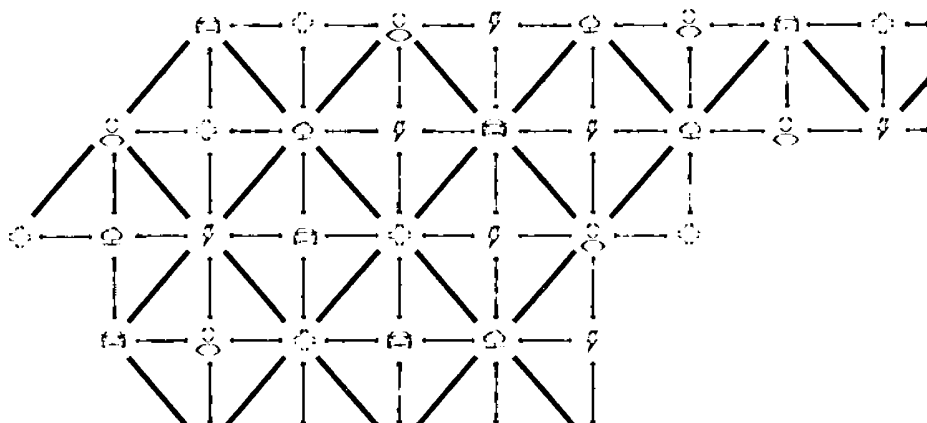
We have a compelling mix of complementary capabilities across our facilities. Our global sales team enhance the customer experience. We manage on behalf of our customers, the sourcing of all required components for their complex solutions, using our global expertise to locate the right materials and optimise the cost profile.



2

### Best-in-class processes and quality assurance

Our commitment to quality runs through the organisation and touches every aspect of the manufacturing process. This goes hand in hand with our continuous improvement philosophy to ensure we maximise efficiency and deliver cost competitiveness. We conduct end-to-end testing to guarantee that our customers receive the exceptional quality that they expect, every time.



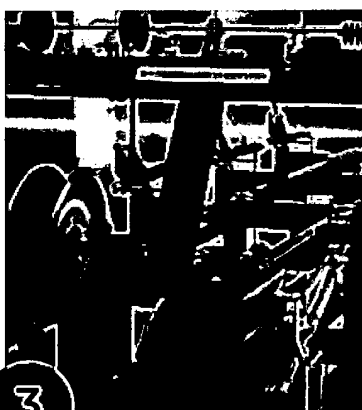
We aim for 'trusted partner' status with our customers, where we engage with their product development cycles at an early stage to provide solutions that meet their specific requirements for product performance and quality, greater efficiency and timely delivery. Through these activities, we create sustainable value for Volex and its shareholders.



## OUTCOMES



## VALUE GENERATED



### Optimised from a cost and tariff perspective

Our global manufacturing footprint is optimised to operate in the most cost-efficient way to support our customers. We identify the most appropriate matrix of skills and capabilities in our sites to correspond with customer requirements. By matching the capabilities in our sites with the manufacturing specifications of the relevant products, we can optimise the costs of manufacturing. With operations in multiple countries, we are able to supply from tariff-free and lower tariff locations.

### Organic revenue growth

Our compelling combination of production quality, capabilities and competitive pricing is delivering revenue growth.

### Own product sales

With strong design capability and investment in research and development, a greater proportion of our sales are dependent on Volex developed designs.

### Margin optimisation

The outcome of our continuous improvement approach allows us to improve our margins through a combination of vertical integration, product optimisation and automation.

### Cash generation

By managing our cost base effectively and maximising the utilisation of our manufacturing facilities, we generate good cash returns from our assets.



### Shareholders

**Short-term:** We generate returns to our shareholders through regular dividends.

**Long-term:** We have ambitious plans to deliver growth organically and through acquisitions to increase enterprise value.



### Employees

**Short-term:** We offer employees challenging and exciting roles with competitive remuneration and reward differentiated to their performance.

**Long-term:** We invest in our people and their development; we actively promote from within and many of our managers have progressed through the organisation.



### Customers

**Short-term:** Quality products delivered on time.

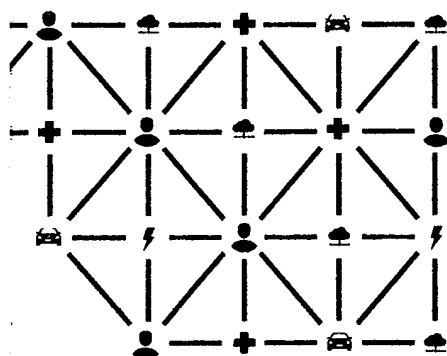
**Long-term:** We build long-term relationships with our customers and support their growth.



### Local communities

**Short-term:** We regularly contribute through fundraising and charity events.

**Long-term:** We partner with local businesses and organisations to support the local community.



# Strategy

## Our strategic aim

Volex is a diverse and resilient business that delivers value to customers by combining manufacturing capability and engineering expertise. We operate a continuous improvements culture to deliver efficiency and maintain our competitive position. We are investing in expanding our capabilities as well as pursuing our strategy of acquiring excellent businesses and delivering increased shareholder value.

## 1

### What we have delivered

In FY2022 we achieved revenue growth of 38.6% and we have expanded our sales teams to improve customer engagement and align our sales effort with specific sectors.

We have maintained underlying operating margins above 9% in a high inflation environment while investing in growing and enhancing our operations.

Our design and development teams have created new products to meet the requirements of our Electric Vehicles, Data Centre and Consumer Electricals customers.

## 2

### What we are doing

We operate in fragmented markets and have developed a deep understanding of where we can deliver value. We continue to make targeted investments in people and infrastructure where we know that we can generate growth.

We never stop identifying where we can make improvements in our systems and processes. In FY2022 we commenced a Group-wide change programme to deliver a unified Enterprise Resource Planning ("ERP") solution and efficiencies in our processes.

We are managing an exciting pipeline of acquisition opportunities that represent an exceptional fit with our existing operations.



## 2.4%

Capital expenditure  
as a proportion of revenue

## 38.6%

Year-on-year revenue growth



## ORGANIC GROWTH

We are enhancing our market sectors to drive growth:



### Electric Vehicles

We are investing in product development to continue to address the evolving requirements of the EV charging market. Our technical expertise is helping to expand our customer base.



### Consumer Electricals

Our competitive pricing, low-tariff and freight efficient locations are helping us to win market share. Continuous improvement, vertical integration and automation will create further opportunities.



### Medical

Technology is driving improved patient outcomes requiring healthcare providers to invest in infrastructure. We are supporting customers who are seeking to simplify supply chains.



### Complex Industrial Technology

Our further investment in PCB assembly capability will increase our competitiveness for box build projects. We have developed a range of next generation data centre products.

## INORGANIC GROWTH

### Acquisitions

We have an agile approach to acquisitions with flexibility in terms of both deal structure and our approach to integration.

We have a pipeline of high-quality acquisition targets which allows us to be very selective about the opportunities that we take forward to due diligence. Our ideal acquisition targets are well run businesses that we understand extremely well. They bring us either new customers or new capabilities and they enhance our margins.

# 3

## Where we are heading

Our ambition is to achieve revenues of \$1.2 billion in FY2027 with underlying operating margins in the range of 9-10%.

To deliver this we will continue our focus on high-growth opportunities, particularly with Electric Vehicles and Data Centre customers where developments in technology are driving opportunities for expansion.

We have been increasing our investment in design and engineering capability. This will allow us to generate a greater proportion of our revenue from in-house designed products and design partnerships.



# Strategy

## Introduction

Our strategy is focused on five pillars that we believe will position us for growth and improve profitability and cash generation. This is part of our plan to build a world-class manufacturing business.



### Product development

#### What this means

We work with our customers to understand their particular requirements which can be complex and varied. We know that everything we produce has to enhance our great reputation for quality. We are alert to how technological developments are shaping the evolution of products and we work with our customers to innovate our product set and capabilities. This means offering customers solutions for the technical challenges they are facing.

#### Strategy in action

We have successfully developed products to support the next generation of high-speed copper data cables that will deliver improvements in cloud computing infrastructure. We are moving customers across to power cords based on our own extrusion technology for both Electric Vehicle and Consumer Electricals customers.

#### Future priorities

We have a research and development team who are concentrating on future developments in electric vehicle charging to ensure that we continue to have a market-leading product set.

We expect the high-speed data centre market to develop rapidly and we are developing technical partnerships to enhance the range of solutions available.

#### Link to KPIs



### Revenue growth

#### What this means

Our focus on driving customer value is helping us to grow existing relationships as well as secure new customers. We put the customer at the heart of everything that we do. Strong, regular and transparent customer communications have been fundamental to maintaining excellent service and responsiveness in the face of continuing supply chain challenges.

We develop a comprehensive understanding of our customers' operations. We recognise the importance of being responsive at every stage of the customer journey, identifying where we can deliver further value through additional solutions.

#### Strategy in action

We have worked closely with existing customers and new customers during the year to deliver new projects. We are now building kiosks in Europe for one of our major Complex Industrial Technology customers, demonstrating our ability to transfer successful projects between manufacturing sites.

#### Future priorities

We will continue to develop and enhance our sales team to ensure we have a deep understanding of our customers and we can identify opportunities where we can support them. We are investing in marketing and customer communications programmes to showcase our expanding capabilities.

#### Link to KPIs



### Operational excellence

#### What this means

We never stop in our pursuit of efficiency savings and process improvements. Our focus is on creating a best-in-class organisation that is capable of leveraging its global footprint and scale to optimise production.

Continuous improvement has to take place at all levels of the organisation on both the production floor and within the support functions. Local managers are supported by senior leaders to deliver positive change in the organisation.

#### Strategy in action

We delivered a number of operational improvement projects during the year. These included further developments at our site in Suzhou to enhance our capabilities and further our vertical integration. We also completed our vertical integration activities in Batam to optimise production for our consumer electricals customers.

Underpinning these transformational projects is a culture of continuous improvement with hundreds of improvement ideas implemented during the year.

#### Future priorities

We have worked at a site level to identify numerous optimisation opportunities which can improve our cost of manufacturing and enhance our standards of quality and safety. These will form a central pillar of our capital expenditure in FY2023.

#### Link to KPIs





## Investment and acquisition

### What this means

Investment is delivered through acquisitions and capital expenditure to support our overall growth strategy. We have a strong balance sheet and access to funding to enable us to invest for growth. We have an agile approach to acquisitions and a strong network amongst Volex senior management.

We have significant investment opportunities in our existing business that will deliver good cash returns, with many of our capital investment programmes achieving cash payback within two years.

### Strategy in action

We acquired four businesses in FY2022, taking us into the defence sector, globalising our domestic appliance harness capabilities and entering a new and exciting market in India.

We have also deployed capital expenditure during the year, particularly in growth areas, such as to support our progress in Electric Vehicles and for data centre products.

### Future priorities

We have a varied and interesting pipeline of opportunities which are at various stages in the acquisition process.

We have undertaken a comprehensive review of our future requirements to create a capital investment plan for FY2023 which will support our growth.

### Link to KPIs

1 2 3



## People

### What this means

As an organisation we are always moving forwards. We have emerged from a turnaround story as a strong and ambitious organisation determined to deliver growth. This requires our senior management to be aligned around a clear set of goals with a clarity of focus and a shared purpose.

### Strategy in action

We have been able to deliver further significant improvements in our internal communications. Again, we have advanced the health and safety agenda, with a particular focus on keeping Covid-19 out of our factories. Our strengthened performance management processes are improving the alignment of objectives and ensuring better calibration of expectations. Combined, these support our teams to deliver ambitious transformation activity throughout the organisation.

Our site excellence award programme is helping our sites focus on delivering exceptional performance by recognising and celebrating excellence across the Group.

### Future priorities

The roll-out of a global ERP system will give us an organisation-wide catalyst for process change, with the first site going live in FY2023.

We have a number of plans to invest in our strong performers as well as supporting a series of local initiatives to improve our facilities and ensuring we deliver a competitive reward structure.

### Link to KPIs

3 6

### Links to KPIs

- 1 Annual Revenue Change
- 2 Underlying Operating Profit
- 3 Return on Capital Employed
- 4 Underlying Free Cash Flow
- 5 Underlying Basic EPS
- 6 Employee Safety

# Key Performance Indicators

## 1 Annual revenue change (%)

2022	39%
2021	13%
2020	5%
2019	15%
2018	1%

### Definition

Change in reported revenue compared to the previous year.

### Relevance

Through consistent customer service and the right sales mix, alongside acquisitions, we aim to drive higher revenue.

### Performance

Revenue growth in the period was strong, particularly in relation to Electric Vehicle customers and also benefiting from acquisitions.

### Link to Strategy



## 2 Underlying operating profit (\$m)<sup>1</sup>

2022	\$56.2m
2021	\$42.9m
2020	\$31.6m
2019	\$21.6m
2018	\$11.5m

### Definition

Operating profit before adjusting items and share-based payment expense.

### Relevance

Optimising profitability is central to our strategy. This is realised through a robust pricing strategy and efficiency programmes.

### Performance

Profit increased significantly due to revenue growth and acquisitions. Against supply chain issues and price inflation, our operating efficiencies maintained good operating margins.

### Link to Strategy



Link to Remuneration  
Annual bonus  
LTIP

## 3 Return on capital employed (%)<sup>1</sup>

2022	21.9%
2021	31.5%
2020	29.9%
2019	26.7%
2018	31.5%

### Definition

Underlying operating profit as a percentage of average net assets excluding net cash/debt.

### Relevance

This measures return on the equity asset base as the Group continues to grow.

### Performance

This measure has decreased due to the high-levels of organic and inorganic investment in the year. In addition, acquisitions cause a temporary reduction in return on capital employed.

### Link to Strategy



## 4 Underlying free cash flow (\$m)<sup>1</sup>

2022	\$6.1m
2021	\$31.7m
2020	\$48.8m
2019	(\$7.6)m
2018	\$2.7m

### Definition

Underlying free cash flow is the net cash flow before financing activities and excluding costs of acquisitions, adjusting items and share-based payments.

### Relevance

We aim to maximise cash generation to support the organic and inorganic growth of the business.

### Performance

Cash generated in the year is lower than FY2021 due to investment in working capital to support the growth of the business and extended supply chain lead times increasing inventory hold-levels.

### Link to Strategy



Link to Remuneration  
Annual bonus

## 5 Underlying basic EPS (cents)<sup>1</sup>

2022	26.9cents
2021	32.1cents
2020	18.2cents
2019	13.1cents
2018	9.2cents

### Definition

Earnings per share adjusted for the impacts of adjusting items and share-based payment expense.

### Relevance

This measures the growth and profitability of the Group and is a measure used by investors when assessing the business.

### Performance

Underlying basic EPS has decreased due to the large one-off deferred tax asset recognition increasing the prior year EPS by 8.5 cents. Excluding this, EPS increased from FY2021 due to the growth in operating profit.

### Link to Strategy



## 6 Employee safety (LTA per million hours worked)

2022	3.20
2021	2.00
2020	1.07
2019	2.25

### Definition

The number of lost time accidents per million hours worked.

### Relevance

We want to ensure that we offer a safe environment for our employees and that all of our sites take safety seriously.

### Performance

We continue to improve our underlying safety performance year-on-year. We have made four new acquisitions in the past year, which have increased our overall lost time accidents, with 50% of our lost time accidents in the year from our sites in Turkey. If we exclude our recent acquisitions, then we have achieved a 50% reduction in accidents compared to FY2021.

### Link to Strategy



### Links to Strategy



Product Development



Revenue Growth



Operational Excellence



Investment and Acquisition



People

<sup>1</sup> This is an alternative performance measure, see page 33 for more information



## STRATEGY IN ACTION

### Investment in vertical integration

We have accelerated our investment in vertical integration for our Electric Vehicle and Consumer Electricals sectors

This includes power cable extrusion projects and plastic component production for higher volume applications. Cables are a significant component of the bill of materials for our consumer electricals and electric vehicle products. Bringing this capability in-house allows us to maintain our position as a low-cost producer, gain a higher level of control over the manufacturing process and provide an excellent product for our customers. These investments are driven by customer demand and focus on our high-growth sectors.

Our vertical integration journey began with the acquisition of Ta Hsing in June 2019, which was an existing key supplier. We further increased our capability in this area when we acquired DE-KA in February 2021, a business with market-leading

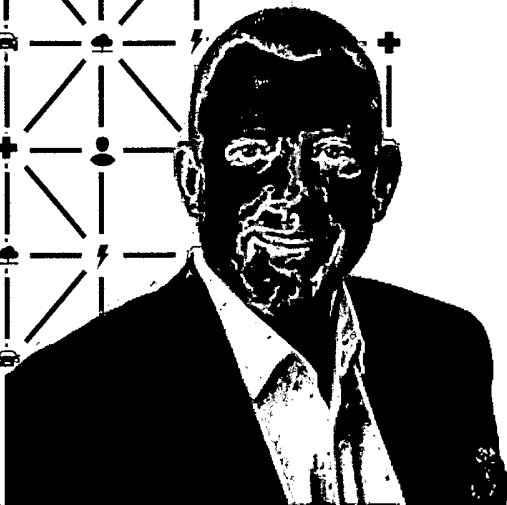
extrusion know-how. These acquisitions have allowed us to share knowledge around the Group. In FY2022 we deployed cable extrusion and auto-coiling machines for power cables in China and Indonesia.

The progress we have made with knowledge transfer and our investment in machinery, people and capabilities has given us the opportunity to relocate the Ta Hsing production to our major site in Suzhou, China. At the end of the year the transfer from Ta Hsing to Suzhou was well underway and is set to be completed in early FY2023.

[Link to Strategy](#)



# Operational Review



24

**Nathaniel Rothschild**  
Executive  
Chairman



We have created a diverse and resilient business delivering growth in attractive markets. It has been a challenging year in manufacturing with higher material costs and increased lead times. We have responded to these challenges to deliver another set of record results.

**John Molloy**  
Chief  
Operating  
Officer



What are the key strategic priorities for FY2023?



Our strategy has a strong focus on growth, including winning more business with our existing customers and working with new names. We are particularly excited about the growth opportunities in Electric Vehicles where we can combine our world-class design expertise to develop innovative solutions for our customers. Our high-speed data centre cables are another focus area where we have designed a range of next-generation products to meet the requirements of the most demanding data centre operators.

With a clear strategy to grow in each of our markets, our regional teams are delivering business transformation and investment projects to allow us to enhance our capabilities, deliver further integration, capacity and automation to improve processes.



What has the Group done well in FY2022?



It has been a challenging year in manufacturing, with extended lead times and raw material cost inflation. We have maintained excellent communications with our customers and with our suppliers throughout the year. This has helped us source hard to find components and manage expectations. We have focused on managing our cost base, and where necessary, we have passed through raw material costs to our customers.

We have secured a lot of new business this year. It demonstrates that the strategy we have developed and implemented is working. Our growth with our Electric Vehicles customers is a particular highlight. This is an area where we bring together our design expertise, advanced manufacturing techniques, world-class quality assurance and competitive pricing. To have grown this business line from scratch to over \$100 million of revenue in just over five years is extremely satisfying.

We have also delivered a number of important capital projects, in particular supporting vertical integration by producing our own cables. We have achieved this in our facilities in Suzhou, China, and in Batam, Indonesia. These locations are supplying their own requirements as well as shipping to other Volex sites, maximising the benefit of bringing this capability in-house.



**How have the Group's investment plans developed?**



We have delivered significant growth through both acquisition and investment in capital expenditure in recent years. Our investments are driven by customer demand, providing us with confidence that we will deliver excellent returns on capital expenditure. Most projects deliver cash payback within two years. As part of our most recent strategic review, we identified significant growth opportunities, which we will secure through targeted investment.

We continue to maintain an interesting acquisition pipeline with a variety of targets at different stages in the process. This will remain a central part of our strategy. In parallel, we will see a greater proportion of our investment activity focusing on capital expenditure and development activities to meet customer demand in growth sectors. This will give us a compelling balance between organic and inorganic growth.



**Having acquired four businesses, how is the integration developing?**



In total we have acquired 10 businesses in the last four years, so we have become very skilled at integrating efficiently and effectively. We work with each acquisition to understand the individual strengths of the organisation as well as identifying any gaps in capability. This allows us to prepare a tailored integration plan to secure cost and revenue synergies as well as to align systems and processes with the Volex ways of working.

Engaging with our new colleagues is important. We are keen to preserve the entrepreneurial spirit and maintain the culture that has made these businesses a success. Although travel restrictions did not stop us from commencing integration activities, it has been great to have the opportunity to go and meet our new teams in person. I have been impressed with the quality of the people who have joined and the talent and ambition that drives their performance.



**How does Volex respond to the current inflationary environment?**



We work incredibly hard to manage cost inflation and provide value to our customers. Where there are unavoidable increases in the cost of raw materials, we pass these through to our customers. We have done this in a fair and transparent way during the year. We have put a lot of work into optimising our production processes to ensure that we deliver excellent service with competitive pricing. In passing through raw material cost increases, we are still confident that we are adding significant value for our customers and maintaining a competitive position.

We have good channels of communication with our customers through our customer service and sales teams. This means we are able to engage quickly on pricing topics. Although there is always some delay between higher costs coming in and those costs being passed through to the customer, we can usually resolve these issues quickly and efficiently.



**Are there opportunities to make further progress on margins?**



Through a significant, multi-year effort, we have increased our underlying operating margins to just over 9%. This was achieved through a number of different initiatives, including vertical integration, continuous improvement projects and introducing targeted automation. While improving the margins, we have created a highly competitive, lean business, capable of winning market share and attracting new customers.

Our current margin profile allows us to maintain the momentum we have achieved in growing revenue. It also gives us the ability to invest in enhancing our business through product development and investing in revenue generating roles such as senior sales colleagues. We believe the current margins represent a good balance between achieving attractive returns while pursuing exciting growth opportunities.

# Operational Review



**What are the key challenges that your customers are facing?**



Many of our customers are experiencing challenges with the availability of components as supply and demand rebalance as major economies reduce Covid-19-related restrictions. One of our strengths is our ability to work very flexibly, which is a massive help to customers as they respond to frequent changes in their schedules.

We are also finding that customers are placing orders further in advance than we are used to. This helps us manage extended lead times to ensure on-time delivery. Where there are issues with particular components, we are happy to work with our customers to help identify alternatives.



**How has the Group dealt with supply chain challenges?**



The supply chain situation has been incredibly complicated throughout the year, and it will be some time before we see a widespread return to normality. We are fortunate to have a very capable and experienced supply chain team who have worked tirelessly to source the components we need to deliver to our customers on time. With global operations and procurement professionals around the world, we have operated as a team to source effectively.

We have been proactive to ensure that we identify critical components and secure availability. There have been some increases in levels of inventory. While much of this is driven by higher demand, there is also an element of buying earlier to have materials on hand. Many of the products we manufacture contain multiple elements and a single shortage can hold up the build. By selectively investing in additional materials, we can reduce the risk of any delays.



**Are you seeing an impact from customers looking to reduce supply chain complexity?**



The current challenges, whether it is the availability of component or extended shipping times, have certainly caused customers to reassess their sourcing strategy. In recent years, supply chains have got longer and more complicated, which has increased risk in the procurement process. A number of our customers are looking to reduce the complexity and looking for a manufacturing partner who can deliver closer to their home markets.

With our global footprint, including advanced manufacturing sites across North America and Europe, we are well placed to support customers who are looking to relocate their sources of supply. This is an opportunity for us given our proven track record in effectively on-boarding new customers.



**What will you look for in future acquisitions?**



Our acquisition approach has been about buying superior quality businesses in markets we understand well. Acquisitions give us the ability to secure new customer relationships and to expand the capabilities of the Group. Our customers really like working with us and we receive requests to expand the manufacturing services we offer. Acquiring businesses with additional capabilities allows us to add additional value to our existing customer base.

One of the key considerations for every acquisition is who will lead the integration process. This ensures that we maximise the benefits from the acquired business and identify and deliver on synergy targets. We have appointed some incredibly talented Regional Chief Operating Officers this year, giving us additional confidence in our ability to acquire and integrate businesses.



Q

Why is product development important to Volex?

A

We have been highly successful in identifying specialist market sectors where we can deploy our manufacturing expertise to deliver complex solutions for our customers. Some of our customers want a traditional contract manufacturing service where we build to their design. As integrated solutions become more complex, others are looking for a manufacturing partnership where we bring in our experienced design teams to develop a product together.

We have also been successful with our own products that we have designed and developed using our engineering specialists. We have been manufacturing products that transmit power and data for over a hundred years, so we have an incredible depth of experience. This allows us to create innovative solutions to address the real-life technical challenges that our customers face, whether that is in relation to a complex power cord for an EV application with multiple safety features, or a high-speed cable for the next generation of data centres.

Q

What benefits have you achieved from applying a continuous improvement approach to manufacturing?

A

Our manufacturing philosophy is built around the principles of continuous improvement. That is how we have earned a reputation for exceptional levels of quality and why we have such a competitive commercial proposition. We develop talented production engineers who identify process changes that deliver significant improvements on an incremental basis. Sometimes these reduce cost, at other times this is about ensuring that the manufacturing process is perfect every single time, minimising the expense of reworking.

To create the right environment for continuous improvement, you need to empower individuals at all levels of the organisation to make a difference. Sometimes the best ideas come from our production operatives who spot an opportunity to improve a process. Continuous improvement is not just about making positive change within the manufacturing environment, it is also part of our approach throughout the business, whether in support functions or in thinking about ways in which we run the business. It is so important that we celebrate our successes in this area as part of our annual site excellence award programme.



STRATEGY IN ACTION

## Volex Tijuana received the first MedAccred Accreditation for Cable and Wire Harness in Mexico.

In January 2022, MedAccred announced its recognition of our Tijuana, Mexico manufacturing facility for the Company's commitment to the Medical market by meeting the rigorous industry requirements established by 10 of the leading medical device companies and exacting customer requirements.

MedAccred is an industry-managed supply chain oversight program administered by the not-for-profit Performance Review Institute ("PRI"), that reduces risk to patient safety, assures product quality and compliance with requirements as they apply to critical processes used in the production of medical devices. OEM subscribers including Bausch Health, Baxter, Edwards Lifesciences, Becton Dickinson, Boston Scientific, Johnson & Johnson, Medtronic, Philips Healthcare, Roche Diagnostics, and Stryker fund and manage the accreditation program and determine audit criteria, interview, select auditors, and determine which suppliers are granted accreditation. MedAccred is unique as the sole industry-managed supply chain oversight program for key critical manufacturing processes in the medical device industry.

Following a stringent auditing procedure, the prestigious MedAccred Cable and Wire Harness Accreditation was awarded to our Tijuana facility. Volex Tijuana is the first in Mexico to hold the MedAccred Cable and Wire Harness Accreditation and is the first Volex manufacturing facility to achieve MedAccred Accreditation.

Our recent MedAccred Accreditation of the Tijuana, Mexico facility further supports our Medical sector strategy by increasing our value-added offering to Medical customers seeking enhanced global support, and new MedAccred Accredited manufacturing processes. This Accreditation provides our customers with the assurance that their products are built with strict adherence to quality and perform to the highest of safety-critical standards.

Volex Tijuana is a manufacturing centre of excellence, specialising in high mix, low to medium volume wire harness assemblies, power cables, and electro-mechanical assemblies. They service global customers in the Consumer Electricals, Medical and Complex Industrial Technology sectors. With a full array of safety and quality certifications and accreditations, Volex Tijuana helps its market-leading customers realise the full potential of their cutting-edge products and designs.

[Link to Strategy](#)



# Performance Review

## Overview

Voilex delivered strong revenue growth and record underlying operating profits in FY2022, in a challenging year for manufacturing businesses worldwide, demonstrating we have established a diverse and resilient business able to perform well within a complex and changing environment. Whilst the impact of government restrictions and lockdowns related to Covid-19 reduced in the year, market dislocation has caused additional supply chain issues, including increasing prices and lengthening lead times across multiple components and products.

Demand from customers across the Group was strong throughout the year. We continued to experience rapid growth from Electric Vehicles customers as we consolidated our position as market leader for grid cords, whilst bringing new products to market and winning several new customers.

Our Consumer Electricals business was able to pass-on price inflation to customers as the mechanisms within the majority of our contracts stipulate the pass-through of increased copper prices.

Our Medical customers saw access to hospitals steadily improve, leading to increased demand for medical products, after a slight decline caused by Covid-19 access-related restrictions.

Demand reduced for our data centre products due to a very strong comparator period as customers increased their inventory levels to mitigate potential supply chain challenges. The unwind of inventory positions this year as conditions normalised impacted our revenue. For other Complex Industrial Technology customers, order books remained strong through the year.

Overall, we were proactive and maintained high factory utilisation, despite supply chain complexities.

We have increased investment in our business in FY2022, with a number of important capital expenditure projects. This was focused on our key high-growth areas, as well as vertical integration and the first phase of our new global ERP system. We have recruited specialist research and development roles in the year to drive product development programmes, which will deliver future growth.

As we have continued to grow, our working capital requirements have increased to support our expansion. Additional inventory investment has been required to meet customer requirements, in the face of extended lead times and supply chain shortages. Although this ties

up cash, holding key components has allowed us to meet customer commitments, with particular relevance for our more complex products.

It has been a busy year in relation to acquisitions with four businesses joining the Group. Three of these businesses are based in North America - Irvine, Prodamex and TC - strengthening our manufacturing footprint for domestic appliances, integrated manufacturing services and defence in this critical region.

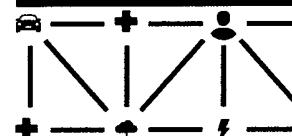
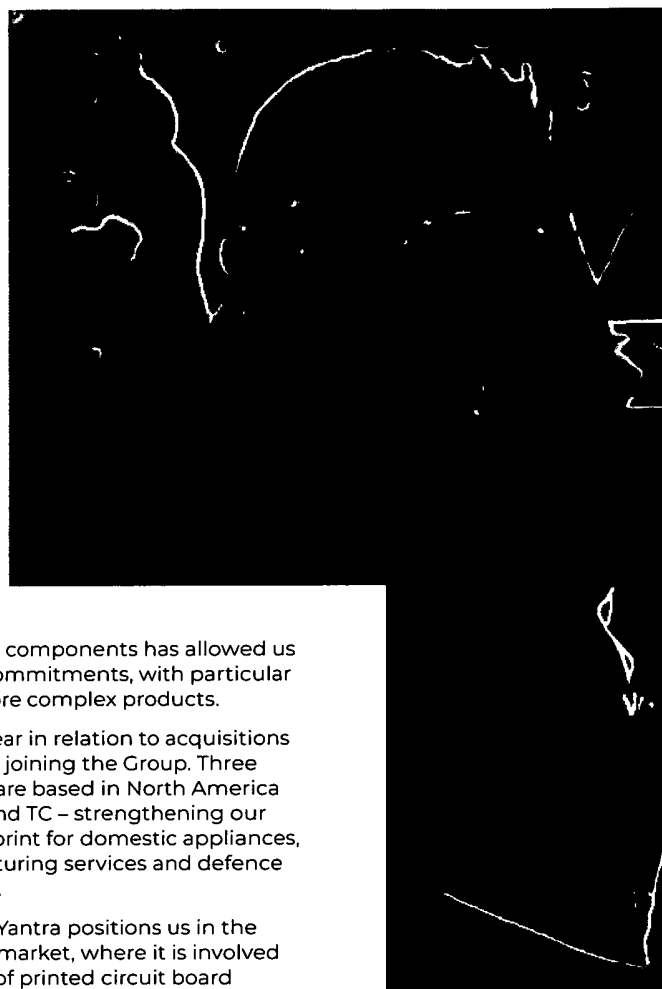
The acquisition of inYantra positions us in the high-growth Indian market, where it is involved in the manufacture of printed circuit board assemblies and box builds. Growth through acquisitions remains a high priority, and a key strategic pillar.

Our business is built on the talent and hard work of our employees. The Group now has a global workforce of over 7,800 employees. During the year we have implemented a regional structure, with senior operational management aligned to each region to optimise our future performance. We continue to invest in developing talent within the organisation and supporting the growth and development of our colleagues at all levels.

## Trading performance overview

The Group generated revenue of \$614.6 million (FY2021: \$443.3 million). This included organic revenue growth of 19% and the contribution from our FY2022 acquisitions and the remainder of the first 12 months of our FY2021 acquisitions. Organic revenue growth included 96% growth in our Electric Vehicles sector, as well as 14% organic growth from our Consumer Electricals and 13% from our Medical sectors.

Our Complex Industrial Technology sector also increased revenue, although organic sales were down 2% on the prior year primarily due to the transition to the new 400Gb cables in our data centre market. This market is expected to show growth later in FY2023.



**19%**

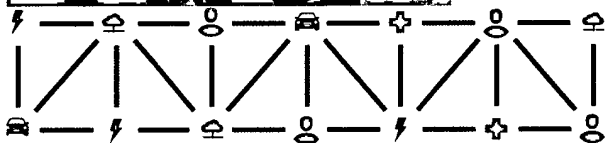
Organic revenue growth

**96%**

Growth in Electric Vehicles revenue

**17%**

Of Group revenue from Electric Vehicles



Underlying operating profit increased by 31% to \$56.2 million (FY2021: \$42.9 million), driven by organic revenue growth and acquisitions. Statutory operating profit was \$41.0 million (FY2021: \$30.7 million), including adjusting items and share-based payments of \$15.2 million (FY2021: \$12.2 million).

The underlying operating margin was 9.1%, slightly down from 9.7% in the prior year, and broadly flat on H1 FY2022. The margin reflects the benefits of higher volumes in the year - albeit with an adverse impact from a higher sales mix of power products - strong cost controls and vertical integration benefits. It was achieved despite the macro-headwinds, most notably freight and commodity price inflation. The prior year also included a favourable impact from the temporary lowering of employment taxes in some Asian countries, relating to the Covid-19 outbreak.

After acquisitions, and partially offset by cash generated, net debt was \$74.4 million at 3 April 2022 (4 April 2021: \$7.3 million), excluding

\$20.9 million (4 April 2021: \$20.0 million) of lease liabilities. The covenant net debt/adjusted EBITDA ratio was 1.3 times (FY2021: 0.3 times).

### Impact of the macroeconomic backdrop

Volex is well positioned to navigate the challenges of a dynamic macro-environment. This is underpinned by our diverse markets, capabilities and global manufacturing footprint. These strengths have been central to the continued strong progress made, despite the on-going disruption to global supply chains, the challenges posed by Covid-19 and, more recently, the Russian invasion of Ukraine.

Copper, freight and other material prices are going through a period of high inflation. Our contracts with power cord customers, where copper is a significant percentage of our costs, allow us to pass increases through to the customer, although there can be a short delay in the implementation of pricing changes.

Other price inflation is passed onto customers through regular price discussions, which either happen on a regular basis such as quarterly, or on an ad hoc basis where required by changes in the costs.

Working capital has increased due to our sales growth, as well as investment in higher levels of inventory to maintain our position as a reliable partner to customers in an environment with extended supplier lead times. Our freight costs have also increased due to demand for global shipping capacity exceeding supply.

Government restrictions relating to the Covid-19 pandemic have eased in FY2022, although there have been instances of local and national lockdowns which have had some limited and temporary impacts on trade. We did not experience any significant downtime at our sites in FY2022 and we continue to adhere to stringent health and safety measures across the business.

Our direct operational exposure to Russia and Ukraine is low. We have no facilities or employees in either country. In the financial year ended 3 April 2022, sales to Russia represented less than 0.5% of Group revenue, with revenue into Ukraine being negligible. We have no significant dependency on direct supplies of components or materials from either Russia or Ukraine.

➔ Read more about the Market Macroeconomic Factors on pages 13 and 29

➔ Read more about our Acquisitions on pages 4 and 5

# Performance Review

➔ Read more about our Strategic Pillars on pages 20 and 21

## Revenue by customer sector

### Electric Vehicles

The rapid expansion of the electric vehicle industry is expected to continue as the technology enters the mainstream, in part driven by legislation. Volex has achieved continued strong growth due to our market leading position and strong reputation as a grid cord manufacturer. Building on our significant experience with technology related to electric vehicle charging, we are expanding our product set to support faster AC charging and out-of-home charging solutions. This will help us to further broaden our customer base. We are continuing to invest in new products and in our manufacturing processes to retain our place as one of the lowest cost producers. This will be important as competition increases.

Organic revenue from our Electric Vehicles customers increased year-on-year by 96% to \$104.2 million (FY2021: \$53.1 million), with demand remaining strong. This growth is being driven by Volex's continuing position as a low-cost manufacturer following our vertical integration activity. We have also successfully onboarded three new customers as we diversify our customer base.

### Consumer Electricals

Consumer Electricals revenue increased in FY2022 by 60% to \$262.4 million (FY2021: \$164.0 million) with demand for consumer electrical products remaining robust through the year. Our revenue benefited from a full-year of revenues from our Turkish DE-KA business, which was acquired in FY2021, and three-months of trading from Prodamex. On an organic basis, revenue for this sector increased by 14%, with approximately 4% of this relating to the pass-through of copper and other price increases.

Higher freight costs and longer shipping times favour our global manufacturing footprint, which give us the flexibility to manufacture for customers from locations close to where they are. We are also delivering cross-selling success, following the acquisition of DE-KA, which has traded strongly. We will continue to pursue cross-sales opportunities, using our global domestic appliance presence, following the acquisition of Prodamex.

### Medical

The sector has recovered well from the Covid-19-related softening in demand we saw in the prior year, as access to hospitals has now improved, allowing installation of larger medical equipment. Consequently, Medical revenues were up 13% on an organic basis at \$128.3 million (FY2021: \$112.7 million), and these are now back above pre-pandemic levels.

There remains a global backlog in healthcare procedures following the pressures on the healthcare system created by Covid-19, which should mean that medium-term demand is sustainable. The medical products we manufacture are complex, with specified bills-of-materials. Extended lead times can delay individual projects but the high mix of products we manufacture allows us to maintain efficient production through dynamic planning.

## Complex Industrial Technology

Revenue from Complex Industrial Technology increased 6% to \$119.8 million (FY2021: \$113.5 million), 2% lower on an organic basis. This includes five months of revenue from Irvine and three months from TC following acquisition. Excluding Data Centre customers, revenues were 12% higher than last year on an organic basis. Order books are strong with key customers placing demand well in advance of production, due to longer lead times for certain components. The longer lead times and component availability have served to constrain growth in the year.

Data Centre customers are reported within Complex Industrial Technology and made up 26.2% (FY2021: 36.9%) of revenue in this sector. This sub-sector declined year-on-year due to a number of contributory factors. There was some stocking up in data centres in the prior year, with destocking this year in preparation for the transition to the new 400Gb cables. There were also shortages of the new network equipment needed to support the adoption of 400Gb architecture in data centres. However, we have qualified 400Gb products with our key customers and expect strong sales when demand increases later in FY2023.

## Revenue by reportable segment

Volex has developed over the years to be a geographically interconnected business. Customers want to have manufacturing in multiple locations, reducing the risk of supply chain disruption from any particular country. We operate with a regional focus to meet this need and we analyse our customer revenue geographically to reflect this. We allocate geographic revenue based on where the customer relationship is, reflecting our customer-centric nature.

### North America

North America is our largest customer segment, and we work with some of its largest technology companies and global innovators. North America comprises 44.3% of Group revenue (FY2021: 45.8%). Revenue grew by 34.0% to \$272.1 million (FY2021: \$203.1 million). This reflects some of the strong organic growth we experienced with our Electric Vehicles customers, as well as the acquisitions of Irvine, Prodamex and TC.

### Asia

Asia makes up 23.2% of Group revenue (FY2021: 30.2%). Asia revenue increased by 6.7% to \$142.7 million (FY2021: \$133.7 million) with the majority of revenue in the Consumer Electricals sector. Demand was strong throughout the year due to our competitive pricing and ability to respond quickly to customer requirements.

### Europe

Europe makes up 32.5% of Group revenue (FY2021: 24.0%). Revenue in Europe increased by 87.6% to \$199.8 million (FY2021: \$106.5 million) driven by an increased demand for Electric Vehicles and an increase in European domestic appliances sales led by the acquisition of DE-KA at the end of FY2021.

### Realising our strategy

Our strategy is built around five key pillars; product development, revenue growth, operational excellence, investment and acquisition and people.

We aim to develop the right products and capabilities to be the manufacturing partner of choice for our customers. We have invested in product development through research and development, working with our customers to understand their product requirements.

We put the customer at the heart of what we do, through regular and transparent communication. We deliver customer value, alongside exceptional quality and customer service. To meet these high standards, we closely monitor our manufacturing facilities and processes, identifying ways to improve which will increase efficiency and quality. We have invested in vertical integration, giving us greater control over the supply chain and protecting margins.

Delivering excellent customer service and improving processes requires great people. We have strengthened the organisation by bringing in outside expertise, in addition to creating development opportunities for existing employees. Effective communication is important and we use a variety of channels to drive employee engagement. We have continued with our site excellence awards as a way of recognising exceptional performance and teamwork.

We are constantly assessing businesses that are going through a sales process, or building relationships with potential acquisition targets that show strategic alignment, but are not ready for sale.

### Creating value through organic investment

We have increased organic investment in the business, building on our track record of creating value, as we focus on growth areas, while employing stringent financial criteria, with payback on the investment typically achieved within two years. Our investment in the business not only maintains and enhances our assets, but also meets identified increased customer demand and develops new products. This investment is enabling our future growth.

Total capital investment increased to \$15.0 million (FY2021: \$7.8 million), amounting to 2.4% of revenue (FY2021: 1.8% of revenue). Capital investment in the year was slightly lower than planned, as extended lead times meant that some investment was deferred into FY2023. In the year, investment was focused on high-growth areas, including EV and data centre capabilities, as well as vertical integration into our cable production, consistent with our strategy, and the first phase of the new global ERP system. Importantly, we now have the capability to produce our own cable in two more of our facilities in Asia. We expect our investment to increase in FY2023, as we pursue growth opportunities in our markets.

We have also continued to invest in expanding our research and development activities. This includes the recruitment of additional specialists to drive our product development programmes. We expect to enhance our research and development teams through FY2023.

### Creating value through acquisitions

The successful acquisition and integration of quality businesses continues to be a major part of our strategy. Our typical acquisition target is a strong, well-managed business in a sector where we have a deep understanding. We are attracted to businesses with blue-chip, long-term customers and good capabilities, enabling us to benefit from cross-selling opportunities. Targets requiring significant integration or restructuring effort are only contemplated when we can identify the right management resources to lead this activity.

We identify potential acquisitions through a variety of methods, seeking out businesses that are not on the market, as well as those already in a process. All opportunities are qualified and discussed by an investment committee before we progress to negotiation. In an environment where Covid-19 has impacted profitability at potential targets, both positively and negatively, valuation can be complex, and we have taken a prudent approach in this regard. We proceed to due diligence only when we have an alignment on commercial terms and we only pursue opportunities that meet the strict value criteria that we tailor for each transaction, based on its specific characteristics.



# Performance Review

Having acquired 10 businesses in four years, we have become skilled at integrating new operations into our organisation. We tailor the integration programme to the requirements of the individual transaction, focusing on cost synergies and opportunities to cross sell.

Acquisitions remain a high priority and we are actively pursuing a number of opportunities, at different stages of qualification. We have good access to funding, with significant undrawn facilities. The completion of any acquisition is dependent on the business meeting our stringent requirements following appropriate due diligence and negotiations.

During FY2022 we successfully completed the acquisitions of four businesses for a combined cash consideration of \$47.1 million, paying an average Enterprise Value/EBITDA multiple of 5.5 times, which demonstrates our ability to acquire quality businesses at reasonable valuations. These acquisitions contributed revenues of \$12.5 million to the Group in FY2022.

- ▶ Irvine Electronics, LLC is based in California, USA and was acquired in October 2021 for total cash consideration of \$15.1 million.

Irvine is a manufacturer of electronic solutions, including printed circuit board assemblies, with over 30 years' experience and deep relationships across a wide variety of blue-chip customers, particularly in the defence, military aerospace and medical markets. The acquisition will strengthen our profile in North America, adding further capabilities and capacity to the Group's existing operations in Washington State and Mexico, creating a compelling value proposition for customers in the region. Expanding on our integrated manufacturing services strategy, the acquisition will further strengthen Volex's ability to provide customers with vertically integrated solutions through enhanced printed circuit board assembly capabilities.

- ▶ Prodamex SA de CV and Terminal & Cable TC Inc. were acquired in January 2022 for a total cash consideration of \$18.9 million.

Prodamex provides an advanced manufacturing facility in Central Mexico serving North American customers with higher volume requirements. It complements our plants in Tijuana and Juarez, Mexico, creating additional local flexibility for customers. The business has long-standing

expertise in wire harnesses for domestic appliances. It provides cross-selling opportunities with our DEKA business in Turkey and the recently expanded facility in Batam, Indonesia. It gives us a global low-cost presence in the white goods and commercial markets.

TC is one of the largest wire harness manufacturers in Canada with over 50 years' experience, establishing a strong Canadian market presence for Volex as a leading defence supplier. It complements our Irvine acquisition and broadens our defence market capabilities into ground vehicles on long-term customer programmes. TC has ruggedised wire harness capabilities, allowing expansion into the attractive "off-highway" market sector supporting industrial, agricultural and construction machinery manufacturers.

- ▶ An investment of \$13.1 million, in March 2022, for 51% of the equity and 100% of the land and buildings of InYantra Technologies Pvt Ltd. In the first quarter of FY2023, \$5.0 million of this transaction price was paid.

InYantra is an electronic manufacturing services provider based in Pune, India delivering PCB assemblies and box builds to automotive, consumer electrical and industrial automation customers. This acquisition allows Volex to enter an important new geography, which benefits from strong macroeconomic trends, with the Indian Government seeing high-technology electronics manufacturing businesses as a key growth sector. The acquisition of the land enables us to scale this operation over time.

## Sustainability

We have continued to develop our approach to conducting business in a sustainable way. It is vitally important to our business, customers, employees, the communities we operate in and our shareholders. During the year we have designed standardised sustainability performance metrics and implemented a Group-wide sustainability reporting platform. We have also developed a kaizen-based framework to drive sustainability-related improvement activities at all our factories. This programme, once implemented, will ensure that every factory identifies and then reports on key improvement initiatives within the sustainability framework.

Our enhanced focus on Sustainability will lead to a significant number of improvement activities happening in all of our sites and it will be exciting to see the cumulative impact of these improvements on our Group's overall performance.

4

Acquisitions completed  
in FY2022

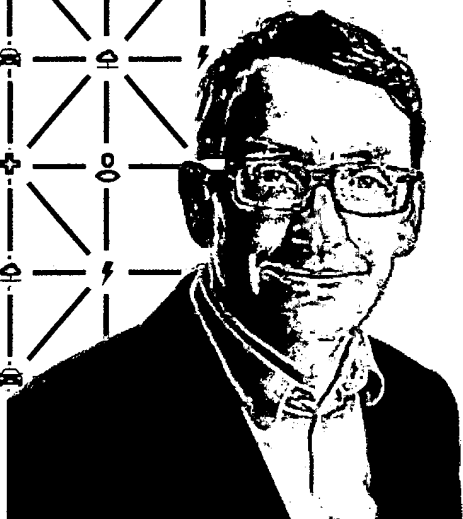
5.5x

Average EBITDA multiple  
of acquisitions

2.4%

Capital expenditure  
as a % of revenue

# Financial Review



Growing revenue strongly and delivering an underlying operating margin in excess of 9% is an excellent achievement in a high inflation environment with supply chain challenges.

33

## Summary of financial results

\$ million (unless otherwise stated)	52 weeks ended 3 April 2022	52 weeks ended 4 April 2021
Revenue	614.6	443.3
Gross profit	125.8	103.9
Gross margin	20.5%	23.4%
Underlying operating profit*	56.2	42.9
Underlying operating margin	9.1%	9.7%
Statutory operating profit	41.0	30.7
Net finance cost	(5.2)	(2.1)
Underlying tax (charge)/credit*	(9.1)	7.2
Underlying profit before tax*	51.4	41.6
Statutory profit before tax	36.2	29.4
Underlying diluted EPS*	25.2c	30.0c

▲  
**Jon Boaden**  
Chief  
Financial  
Officer

\* Before adjusting items and share-based payment charges.

### Statutory results

Revenue grew 38.6% to \$614.6 million (FY2021: \$443.3 million). Statutory operating profit increased by \$10.3 million to \$41.0 million (FY2021: \$30.7 million) which is an increase of 33.6% compared to the prior year. Net finance costs were \$5.2 million (FY2021: \$2.1 million), resulting in a profit before tax of \$36.2 million (FY2021: \$29.4 million) which increased 23.1%. There was a tax charge for the year of \$5.8 million, compared to a tax credit in FY2021 of \$9.5 million due to the recognition of deferred tax assets. Basic earnings per share were 19.3 cents (FY2021: 25.5 cents), a decrease of 24.3%. Before tax, basic earnings per share increased, but due to the recognition of a significant deferred tax asset in FY2021 basic earnings per share after tax decreased in FY2022.

### Alternative performance measures

The Group makes use of underlying and other alternative performance measures in addition to the measures set out in International Financial Reporting Standards ('IFRS'). Underlying earnings measures exclude the impact of adjusting items and share-based payments, with further detail regarding the adjustments shown in note 4 in the notes to the financial statements. The Board and management team make use of alternative performance measures because they believe they provide additional information on the underlying performance of the business and help to make meaningful year-on-year comparisons.

### Group revenue

Group revenue increased by 38.6% to \$614.6 million (FY2021: \$443.3 million) driven by strong organic growth from customer demand and the contribution from acquisitions. Group organic revenue growth was 19%, of which approximately 4% was driven by inflation-related price increases, with the remaining 15% from volumetric growth.

Organic revenue from the fast-growing Electric Vehicles sector was particularly strong, increasing 96% to \$104.2 million (FY2021: \$53.1 million), as we expanded our product set. There was robust demand in the Consumer Electricals sector with organic growth of 14%. Overall our Consumer Electricals revenue increased 60% to \$262.4 million (FY2021: \$164.0 million), as it benefited from a full year contribution from DE-KA and the FY2022 acquisition of Prodamex. Our Medical revenue was also strong, following delays in the installation of large medical equipment in the prior year due to Covid-19-related access issues. Medical revenues increased 13% on an organic basis to \$128.3 million (FY2021: \$112.7 million), and are now above pre-Covid-19 levels. Revenue from Complex Industrial Technology increased 6% to \$119.8 million (FY2021: \$113.5 million), 2% lower on an organic basis. Excluding data centre customers revenues were 12% higher on an organic basis. Data Centre revenue, is an important sub-sector of this market and declined due to customer

# Financial Review

destocking in preparation for the transition to the new 400Gb cables, as well as a slower increase in demand due to shortages of the new network equipment needed to support the adoption of 400Gb architecture in data centres.

## Gross margin

The Group's gross margin was 20.5% (FY2021: 23.4%). This was due in part to product mix with a higher volume of lower margin Electric Vehicles and Consumer Electricals products as well as an adverse impact from global commodity price inflation. Our contracts with power cord customers, where copper is a significant cost component, have allowed us to pass increases in the cost of copper to customers, maintaining absolute gross profit levels, although there is a short delay to allow implementation of price changes. In passing through higher raw material costs, absolute profit is preserved, but cost of sales as a percentage of revenue increases, which reduces the gross margin percentage.

## Operating profit

Underlying operating profit increased 31.0% to \$56.2 million (FY2021: \$42.9 million). This was favourably impacted by the strong organic growth and the contribution from acquisitions. In addition, the ratio of underlying operating expenses to revenue improved to 11.3%, from 13.8% in the prior year, demonstrating tight cost control and continuous improvement activities. This was despite our increased, targeted investment in the business. Statutory operating profit also increased by 33.6% to \$41.0 million (FY2021: \$30.7 million), also reflecting the factors above.

The Group's underlying operating margin of 9.1% reduced slightly from 9.7% in FY2021. The margin benefited from higher volumes in the year, continued strong control over our cost base and vertical integration activities in our Chinese and Batam, Indonesia sites. There were a number of headwinds which brought down margins in the year, with the adverse product mix and commodity price inflation set out in the 'gross margin' section above. In addition, the prior year benefited from the temporary lowering of employment taxes in some Asian countries, related to the Covid-19 outbreak.

## Adjusting items and share-based payments

The Group presents some significant items separately to provide clarity on the underlying performance of the business. This includes significant one-off costs such as restructuring and acquisition related costs, the non-cash amortisation of intangible assets acquired as part of business combinations, and share-based payments, as well as associated tax.

Acquisition costs of \$2.5 million (FY2021: \$0.4 million) were incurred in the year. As well as undertaking third-party due diligence, the Group uses its own experts and in-depth understanding of the sector to conduct a robust assessment of all acquisition targets.

Partially offsetting these items was a gain of \$2.6 million (FY2021: \$nil) recognised on the forgiveness of the US Paycheck Protection Program loans provided to parts of the Group's North America operations.

Amortisation of acquired intangibles increased to \$10.3 million (FY2021: \$5.2 million) largely as a result of the full year impact of amortisation of DE-KA intangibles. The Group has recognised two classes of separately identifiable intangible assets, which are customer relationships and the acquired open order book. The open order book is amortised over a period of less than three years, so amortisation is higher in the first few years following acquisition in comparison to subsequent years. Customer relationship intangible assets are generally amortised over a longer period, reflecting the long-term relationships we gain through our acquisitions.

The charge recognised through the income statement for share-based payment awards comprises \$3.8 million (FY2021: \$2.4 million) in respect of senior management, \$0.6 million (FY2021: \$2.6 million) in respect of acquisitions and \$nil (FY2021: \$1.6 million) for associated payroll taxes.

Share-based payments include awards made to incentivise senior management as well as awards granted to the senior management of acquired companies. The awards made to acquired company management form an important part of the negotiation of consideration in an acquisition situation. They are used to reduce the cash consideration, and as an incentivisation and retention tool. In accordance with IFRS, where these awards include ongoing performance features, they are recognised in the income statement rather than as part of the cost of acquisition.

## Net finance costs

Net finance costs increased to \$5.2 million (FY2021: \$2.1 million) mainly due to the increased utilisation of the revolving credit facility following the acquisition of DE-KA in the prior year and the subsequent acquisitions of Irvine, TC, Prodamex and inYantra during FY2022. The financing element for leases for the year was \$1.0 million (FY2021: \$0.7 million). The Group recognises interest income of \$0.2 million (FY2021: \$0.2 million) in relation to accrued interest receivable on the 10% preference shares issued by our associate, Kepler SignalTek.

**\$56.2m**

Record underlying operating profit

**9.1%**

Underlying operating margin

**17.7%**

Underlying effective tax rate



## Taxation

The Group's income tax expense for the period was \$5.8m (FY2021: credit of \$9.5m), representing an effective tax rate ("ETR") of 16.0% (FY2021: -32.4%). The tax expense and the effective tax rate is affected by the recognition of deferred tax assets, as required by International Financial Reporting Standards. The assets recognised this year and in the prior year are principally due to the recognition of historical operating losses, unclaimed capital allowances and other temporary timing differences. The decision to recognise these assets is based on an assessment, in the relevant jurisdiction, of the probability of future taxable profits which will be reduced by the historical losses and allowances. As the profitability of the Group's operations has increased in recent years, this threshold has been met in certain countries.

In FY2021, management made an assessment of the probability of future operating profits in a key location, recognising a corresponding deferred tax asset resulting in a credit to underlying profit after tax of \$12.9 million. For FY2022, having performed the same assessment, the credit to underlying profit after tax was \$2.9 million. Tax credits and charges relating to the underlying operations of the Group, including losses that have arisen through underlying activities, are reported in underlying profit after tax. The recognised deferred tax assets are expected to be recovered from profits arising from our underlying operations. Tax charges and credits arising from transactions reported as adjusting items and share-based payments are reported outside of underlying profit after tax. The deferred tax assets are recovered in future periods by reducing cash tax payable and recognising a deferred tax expense in the income statement.

The Group has \$64.1 million (FY2021: \$80.1 million) of tax losses for which no deferred tax asset is currently recognised due to uncertainty over forecast future profitability in the respective jurisdictions where the tax losses arose. Depending on the Group's future growth and performance in those jurisdictions it is possible that some of the unrecognised tax losses may become recoverable, leading to additional deferred tax assets being recognised in future periods and reducing the ETR.

The underlying ETR (representing the income tax expense on profit before tax, adjusting items and share-based payments) was 17.7% (FY2021: -17.5%). This difference is, as set out above, mainly due to lower deferred tax asset recognition. The ETR was also affected by changes in foreign exchange rates where local entities calculate tax in local currency rather than the functional currency for Group reporting. The impact of foreign exchange volatility on the underlying ETR was 4.7% adverse (FY2021: 1.9% favourable), mainly arising in Turkey. There was also a \$1.7 million underlying tax credit from changes to tax rates, particularly due to the effect on deferred tax assets of the increase in the UK tax rate to 25% from 1 April 2023, which had a 3.3% favourable impact on the underlying ETR (FY2021: 0.2% adverse).

Cash tax paid during the period was \$6.5 million (FY2021: \$3.1 million), representing an underlying cash ETR of 12.6% (FY2021: 7.5%). The increase to the underlying cash ETR is due to the above-mentioned foreign exchange volatility whereby

a depreciating local currency increases tax payable, and the effect of acquisitions in higher-tax jurisdictions where the Group does not have historical tax losses.

The Group operates in a number of different tax jurisdictions and is subject to periodic tax audits by local authorities in the normal course of business on a range of tax matters in relation to corporate tax and transfer pricing. As at 3 April 2022, the Group has net current tax liabilities of \$8.2 million (FY2021: \$6.7 million) which include \$7.2 million (FY2021: \$7.9 million) of provisions for tax uncertainties.

## Earnings per share

Underlying diluted earnings per share decreased 16.0% to 25.2 cents (FY2021: 30.0 cents) reflecting the deferred tax asset recognised lower than the prior year partially offset by increased underlying operating profits. Excluding deferred tax asset recognition underlying diluted earnings per share increased by 6.3%. Basic earnings per share decreased to 19.3 cents (FY2021: 25.5 cents).

The weighted average number of shares in the year was 157.2 million (FY2021: 152.2 million).

## Foreign exchange

The majority of the Group's revenue is in US dollars, with limited sales in other currencies including euros and British pounds sterling. Most raw materials purchases are also denominated in US dollars but other costs such as rent, utilities and salaries are paid in local currencies. This creates a small operating profit exposure to movements in foreign exchange, some of which is hedged. Foreign exchange losses recognised in the income statement for the period were \$0.6 million (FY2021: \$1.3 million).

## Cash flow

Operating cash flow before movements in working capital was \$60.9 million (FY2021: \$50.0 million). While benefiting from the strong operating performance, operating cash flow reflects the increased investment in the business. In addition, there was an adverse working capital movement of \$34.4 million, which compares to a \$7.6 million outflow in FY2021. The reasons for this working capital movement are set out below:

- ▶ An increase in inventory leading to a cash outflow of \$28.1 million (FY2021: \$12.2 million). Extended supply chain lead times have resulted in approximately two additional weeks of inventory being held as shipments of finished goods to customers take longer, and therefore goods-in-transit increase. Extended supplier lead times have also increased inventory levels. This was in addition to the increase in inventories required due to growth in our operations and new customer projects;
- ▶ An increase in receivables leading to a cash outflow of \$14.2 million (FY2021: \$17.0 million) with the increase reflecting growth of the business; and
- ▶ An inflow related to payables of \$7.9 million (FY2021: \$21.6 million). This was also due to the growth of the business.

Capital expenditure increased to \$15.0 million from \$7.8 million in FY2021. During the year, the Group has continued to invest in automation to deliver further production efficiencies in our

# Financial Review

higher volume factories. We have also increased our investment in vertical integration and in our higher-growth sectors.

Free cash flow was \$4.1 million (FY2021: \$31.3 million). Free cash flow represents net cash flows before financing activities excluding the net outflow from the acquisition of subsidiaries.

Net financing inflows were \$40.4 million (FY2021: inflows \$14.5 million). This included dividend payments of \$7.2 million (FY2021: \$6.0 million) and the drawing of the revolving credit facility ("RCF") to fund acquisitions. As part of the extension and enhancement of the Group's RCF, legal costs and arrangement fees of \$2.5 million (FY2021: \$1.1 million) were incurred during the year, and these will be amortised over the life of the facility.

Total cash expenditure on acquisitions (net of cash acquired) was \$54.9 million (FY2021: \$42.2 million), including \$19.2 million (FY2021: \$1.3 million) in respect of contingent consideration.

The Group is expecting to make payments of \$17.8 million in FY2023 in relation to contingent consideration for acquisitions made in FY2022 and previous years. This includes \$5.0 million of inYantra consideration relating to land, which was paid in the first quarter of FY2023.

The cash outflow associated with the settlement of awards under share-based payment arrangements was \$5.1 million (FY2021: \$9.1 million).

## Net debt and gearing

At 3 April 2022, the Group's net debt was \$74.4 million before lease liabilities and \$95.3 million including lease liabilities. At 4 April 2021, net debt before lease liabilities was \$7.3 million and \$27.3 million including lease liabilities.

At 3 April 2022 the Group's covenant basis net debt/underlying EBITDA ratio was 1.3 times (4 April 2021: 0.3 times). For further details on the Group's covenants, see the section on 'banking facilities, covenants and going concern'.

## Dividend

The Board's dividend policy, while taking into account earnings cover, also takes into account other factors such as the expected underlying growth of the business, its capital and other investment requirements. The strength of the Group's balance sheet and its ability to generate cash are also considered.

A final dividend of 2.4 pence per share (FY2021: 2.2 pence) will be recommended to shareholders at the Annual General Meeting, reflecting the Board's confidence and the Group's robust financial position. The cash cost of this dividend is expected to be approximately \$5.0 million.

Together with an interim dividend of 1.2 pence per share paid in December 2021, this equates to a full year dividend of 3.6 pence per share (FY2021: 3.3 pence per share), an increase of 9.1%. If approved, the final dividend will be paid on 26 August 2022 to all shareholders on the register at 22 July 2022. The ex-dividend date will be 21 July 2022.

## Banking facilities, covenants and going concern

In February 2022 the Group completed a refinancing of its banking facilities, with a syndicate of five banks. An enlarged \$300 million facility replaced the Group's existing \$100 million multi-currency revolving credit facility. The new facility has an initial three-year term, with two one-year extension options. It comprises a \$125 million revolving credit facility, a \$75 million term loan and an additional \$100 million uncommitted accordion.

The new facility has an improved net debt to underlying EBITDA covenant facility, providing additional headroom in comparison to the previous facility, affording greater flexibility to undertake organic and inorganic investment to support growth.

This facility is provided by a syndicate of five banks. The key terms of the facility are:

- ▶ Available until February 2025 with the option to extend for up to two further years;
- ▶ No scheduled amortisation; and
- ▶ Interest cover and total debt to underlying EBITDA leverage covenants.

As at 3 April 2022, drawings under the facility were \$103.8 million (FY2021: \$32.7 million) with \$3.2 million drawn under the cash pool (FY2021: \$nil).

At the year end the net debt to underlying EBITDA ratio was 1.3x and interest cover was 39.4 times, well within the covenant terms.

The Group's financial statements have been prepared on the going concern basis, which contemplates the continuity of normal business activity with the realisation of assets and the settlement of liabilities in the normal course of business. When assessing the going concern status of the Group, the Directors have considered in particular its financial position, including its significant balance of cash and cash equivalents and the borrowing facility in place, including its terms, remaining duration and covenants.

The Directors have prepared a cash flow forecast for the period to end of September 2023, which is based on the FY2023 Board-approved budget. The Directors have performed sensitivity analysis on the cash flow forecast using a base case and downside scenario that take into account the principal risks and uncertainties set out on pages 38 to 43 of the Annual Report and the potential future impact from

**\$4.1m**

Free cash flow

**\$54.9m**

Cash expenditure  
on acquisitions

**1.3x**

Covenant net debt :  
EBITDA ratio

Covid-19. The sensitivity analysis includes a severe but plausible downside scenario which models a 15% reduction in year-on-year revenue, equivalent to the worst result in recent history, which still provides significant covenant headroom.

Based on their assessment and these sensitivity scenarios, the Directors are satisfied that there are no material uncertainties regarding the Group's going concern status and that there is a reasonable expectation that the Group has adequate resources to continue in operational existence for at least twelve months from the date of approval of the financial statements. The Directors therefore consider it appropriate to adopt the going concern basis of accounting in preparing the financial statements.

### Financial instruments and cash flow hedge accounting

For most products we sell to Consumer Electricals customers, the price of copper has an impact on the cost of key raw materials. This risk is minimised by passing the variability in cost through to the end customer in the majority of cases. Where the customer contract does not provide for the pass-through of risk, the Group enters into forward contracts to mitigate the Group's exposure to copper price volatility (see page 42 where rising commodity prices have been identified as a key risk).

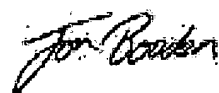
The forward contracts act as an economic hedge against the impact of copper price movements. They meet the hedge accounting requirements of IFRS 9 and therefore are accounted for as cash flow hedges of forecast future purchases of copper. As at 3 April 2022, a financial asset of \$nil (FY2021: \$0.1 million) has been recognised in respect of the fair value of open copper contracts. This credit is retained in reserves until such time as the forecast copper consumption takes place, at which point it will be recycled through the income statement.

A credit of \$0.1 million has been recognised in cost of sales for FY2022 (FY2021: credit of \$0.1 million) in respect of copper hedging contracts that closed out during the period. This credit has arisen since the average London Metal Exchange copper price in the period has been above the contracted price.

The Group also has certain foreign operations whose net assets are exposed to foreign currency translation risk. The Group's policy is to hedge this exposure through designating certain amounts of foreign currency denominated debt as a hedging instrument.

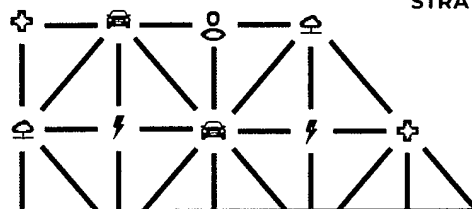
### Defined benefit pension schemes

The Group's net pension deficit under IAS 19 as at 3 April 2022 was \$3.1 million (FY2021: \$5.2 million). The largest element of the pension obligation relates to a defined benefit scheme in the United Kingdom which has been closed to new entrants for some years. The scheme's assets and liabilities are recorded in British pounds sterling with a small part of the decrease due to the movement in exchange rates.



**Jon Boaden**  
Chief Financial Officer

23 June 2022



### STRATEGY IN ACTION

## Raising awareness of our products and services

A reinvigorated marketing support program was launched in FY2022 to publicly promote our expanding product portfolios and manufacturing services.

This effort began with the segment-wide collection of technical information, images, drawings, and specifications across our entire company with the goal to create dynamic, content-rich, product pages for addition to the Volox.com website. The newly published website content immediately elevated key product-type search rankings resulting in a year-over-year increase of website user traffic.

The now strengthened website became the foundation for development and spread of further customer and prospect focused marketing and communication programs which included an increased frequency of posts on our social media channels, creation of sales literature, standardization of technical data sheets, HTML email campaigns, and the use of consistent Volox branding across the organization.

FY2022 also saw the return of trade show attendance where we exhibited at industry-leading shows in China and North America to raise customer awareness of Volox high-speed data centre products. Our full Data Centre offering was represented at the China International Optoelectronic Exposition (CIOE 2021) in Shenzhen, China and DesignCon 2022 in Santa Clara, California where we featured physical samples and demonstration videos of our next generation portfolio of active and 400/800Gbps direct attach copper (DAC) cables.

This resource building and information spread journey will continue throughout FY2023 as we continue to strengthen the website and publish additional pages that highlight the wide variety, and ever-expanding, solutions we can offer our customers and prospects. These online resources will also allow convenient self-service of frequently requested technical information and approvals/certificates.

Continue to check Volox.com and our social media channels (LinkedIn and Twitter) frequently as new announcements and support resources come online.

[Link to Strategy](#)



# Group Risk Management

## Risk governance

Under the QCA Code, the Board is expected 'to ensure that the Company's risk management framework identifies and assesses all relevant risks in order to execute and deliver strategy', including the need to determine 'the extent of exposure to the identified risks that the Company is able to bear and willing to take'. The Board has overall responsibility for the management of risk within the Group as part of its role in providing strategic oversight, with specific responsibility for reviewing the effectiveness of the Group's system of internal controls and risk management being delegated to the Audit Committee.

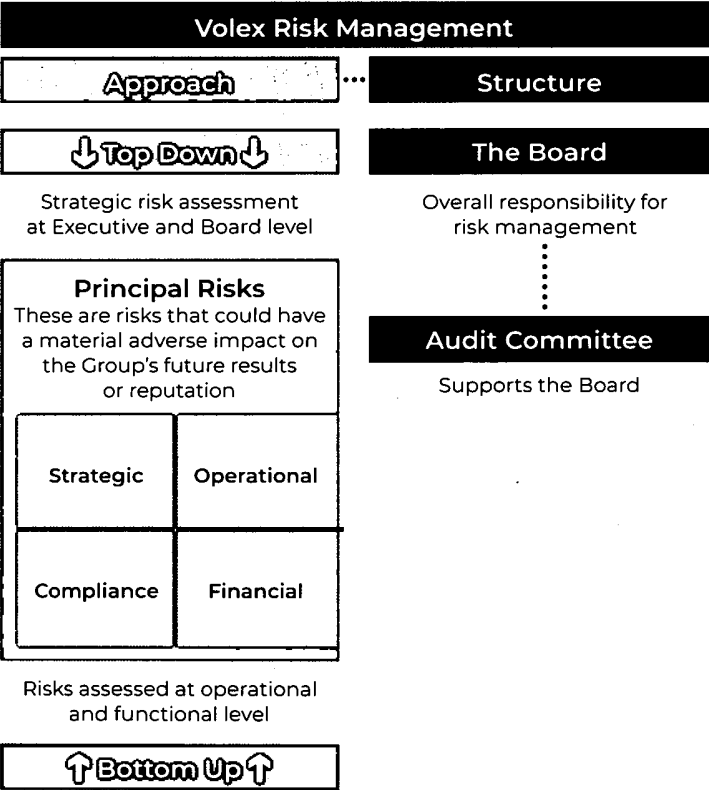
Given the risks and uncertainties involved in operating in a complex, competitive and fast-changing global environment, identifying, understanding and managing those risks is essential to the Group's long-term success and sustainability. One area that received significant attention during the year was managing the impact of global supply chain issues, including component costs, supply shortages and lead times. While supply chain issues have been challenging for the majority of businesses, the Group is holding increased levels of inventory to meet

customer demand and has a strong, experienced procurement function with robust processes and effective supply chain tools to help mitigate any adverse impact of the macroeconomic environment.

## Risk management process

The risk management process gives the Board assurance that risk management and related control systems in place are effective. During the year this comprised two key elements which are supported by other activities within our risk management framework:

- ▶ An ongoing process of assessment and review of individual Voilex sites and/or entities undertaken by a combination of our Internal Audit function, the Group Finance team and the operations teams; and
- ▶ The annual risk survey conducted centrally across the entire senior management team and Group-wide functions. Potential risks are assessed to reflect the likelihood of occurrence and the potential impact on the business were they to occur, as well as the extent to which they are being addressed and mitigated.



## Emerging risks

As part of the overall risk assessment process, a review is conducted to identify emerging risks, so that these can be monitored and the potential impacts can be understood and managed.

The process identified that, while there continued to be an acknowledgement of uncertainty around macroeconomic and geopolitical risks during 2021 through to 2022, the invasion of Ukraine this year risks further destabilising food and energy supplies which could impact inflation contributing to a recessionary environment. This risk will be monitored by the Company's Audit Committee

and Board.

## Principal risks

Principal risks are those that the Board believes may materially affect the future prospects or reputation of the Group, including those that could threaten its business model, future performance, solvency or liquidity. Identifying these potential risks assists in ensuring risk management procedures and internal controls exist to prevent them from occurring, or to at least mitigate their impact should they occur. Principal risks are categorised into four broad areas.

### Strategic

Risks that potentially may affect the Group in delivering its strategy or achieving its strategic objectives. This would include macroeconomic risks as well as risks associated with the execution of key elements of the Group's strategy. The Group considers potential risks and mitigation strategies when developing its strategy. It is not always possible to foresee the eventual risks at the time that the strategy is defined which may require measures to be introduced to control the risks.

### Operational

Risks arising out of operational activities in areas such as sales and operations planning, procurement, warehousing, logistics and product development. These risks may need to be mitigated by various levels of management who will be required to take ownership of risk management in their area of the business.

### Financial

Risks relating to the financing or financial position of the Group that may arise externally, such as financial market risk, or internally from the perspective of internal controls and processes. Financial risks can arise as a result of changes that affect the financial landscape as a whole, such as changes in the availability of funding for the business or foreign exchange movements. They can also arise from decisions taken at a Group level that can either expose the Group to financial risk or fail to adequately mitigate financial risk.

### Compliance

Risks relating to compliance with applicable laws and regulations. These risks could arise as a result of a failure to follow a particular procedure or from a change in the regulatory or compliance landscape that has a material impact on the Group and its existing operations or structure. Compliance risks could have a financial implication in the form of a fine or penalty, a significant cost of compliance or the risk of reputational damage.

# Group Risk Management

## Strategic risks

RISK AND POSSIBLE IMPACT	RISK MITIGATION ACTIVITIES	TREND	LINK TO STRATEGY
<b>1 Strategic – Acquisition Integration</b>			
Although the Group's recent acquisitions have been of companies that complement or expand the Group's existing business, there is a risk that the synergies envisaged pre-acquisition do not materialise and that the Group's activities become too unfocused.	<p>The Group continues to focus on sequential acquisitions that add value and are cash generation from day one, with an effective earn-out model, where appropriate, to encourage success and senior staff retention in the acquired businesses.</p> <p>Where acquisitions are intended to realise synergies or specific cost optimisation objectives, programmes are put in place to ensure that the benefits are achieved. Consideration may need to be given to a broader series of integration activities encompassing changes to internal structures and procedures, where this is expected to deliver benefits.</p>	→	+
<b>2 Strategic – Market Competition</b>			
The Group operates in highly competitive markets and faces competition from rivals operating with lower costs and overheads, especially in the power cords market.	<p>Voilex has created a successful differentiation strategy that mitigates this risk. The Group continues to focus on markets and customers where it can differentiate on factors other than price, including engineering know-how and quality. The Group has looked to increase the use of automation for standard, lower-margin mass production, while achieving greater vertical integration to maintain competitiveness.</p> <p>More complex Voilex products often require specialised engineering knowledge and are subject to stringent regulatory approval, making changes in suppliers challenging for customers. Voilex is continually looking to keep its high-speed product offering up to date.</p>	→	💡
<b>3 Strategic – Customer Concentration</b>			
A proportion of the Group's revenue continues to be derived from a small number of large customer accounts, leading to potentially disproportionate impact if a key customer account is reduced or lost.	Previously reliant on a smaller number of large customers, Voilex has in recent years pursued a successful diversification strategy and seen the growth of smaller accounts that have lessened this risk. Notwithstanding this, individual production sites and other entities may be susceptible to reliance on individual customers.	→	📊
<b>4 Strategic – Global Economic Conditions</b>			
The economy has been challenged by the Covid-19 pandemic. There are a range of short and medium-term outcomes in terms of how the economy could respond. In the scenario of economic contraction, this could have an impact on our sales and profitability.	<p>Covid-19 has had a limited financial impact on FY2022 due to the Group's diverse customer base and the effective action taken to safeguard colleagues and operations when the pandemic began. There is an ongoing risk of government-imposed shutdowns as variants emerge and countries overcome the challenges of Covid-19 at different rates.</p> <p>The Group has carried out a robust assessment of its financial position and even if revenues fall, the Group has sufficient liquidity to operate as a going concern.</p>	→	🌟

Key: ↑ Up Trend ↓ Down Trend → No Change 💡 Product development 📊 Revenue growth 🌟 Operational excellence  
 + Investment and Acquisition 👤 People

## Operational risks

RISK AND POSSIBLE IMPACT	RISK MITIGATION ACTIVITIES	TREND	LINK TO STRATEGY
<b>5 Operational – Supply Chain</b>			
The Group is in some cases dependent on single external suppliers for components and is not as vertically integrated as some competitors. In addition, there are challenges with the supply of some components that our customers may use and global logistics routes are experiencing some disruption.	Global supply chain issues continue to have an impact on lead times, and component availability and costs. Volex will need to maintain pursuing its current strategy of increased vertical integration and supplier diversification. As a contract manufacturer, we are tied to customers' Approved Vendor Lists, in many cases, for raw materials and components, while for some specialist products, supplier options can be limited. Especially in light of the disruptive effects caused by Covid-19, individual sites and entities are taking steps to secure sufficient stock, including from alternative sources, where possible.	→	🌟
<b>6 Operational – Staffing and People</b>			
The retention of staff in key executive roles as well as in on-the-ground operations is important to any business. The departure of senior managers as well as any increase in turnover of production staff may have a negative impact on the Group.	Competition for staff can be challenging, particularly in contracting labour markets. A long-term incentive plan for key senior executives was put in place in FY2020 to encourage retention. Turnover rates in other roles vary considerably between Volex sites, with local market conditions contributing to higher rates of staff turnover in some of our production sites. The global HR team is focusing on staff engagement and improving employee satisfaction across the Group as well as strengthening succession planning for management and key staff positions.	↑	👤
<b>7 Operational – IT and Cybersecurity</b>			
With a computer usage base of an estimated 2,000–2,500 employees and a high number of evolving cyberattacks daily, the Group faces a constant challenge to keep staff aware of and alert to the threat from data breaches. In addition, the obsolescence of infrastructure will need to be managed.	The Group has continued to provide mandatory cybersecurity awareness training, and internal phishing tests were conducted to measure levels of awareness. Volex IT is investigating other security technologies to improve overall security as well as enhanced data classification and management. Investment will continue to maintain up-to-date and effective servers and hardware.	→	🌟
<b>8 Operational – Product Quality</b>			
The impact on the Group of product defects or product failure not only carries immediate financial risk in terms of repair or recall costs, but longer-term damage to its reputation for quality and reliability.	Volex has high quality standards and has developed an ability to mitigate technical setbacks through close customer relationships. Volex sites and entities are subject to regular customer audit and third-party review, and all are ISO 9001 certified. Sites focused on medical equipment have ISO 13485 accreditation and those focused on the aerospace sector have AS9100D accreditation. Closer control of supplier-provided components by the procurement function and increased automation in manufacturing, as well as regular continuous improvement activity and recruitment of experienced Quality and Engineering staff, will enable further improvements in Volex's overall reputation for quality.	→	💡

# Group Risk Management

## Operational risks CONTINUED

RISK AND POSSIBLE IMPACT	RISK MITIGATION ACTIVITIES	TREND	LINK TO STRATEGY
<b>9 Operational – Technological Change</b>			
Developments in technology and resulting changes in demand for specific products represent not only an opportunity but also a threat. The Group's products risk becoming obsolete, while it also risks failing to take advantage of the new sectors opening up.	As a contract manufacturer, Volex is driven by customer needs and designs but is also addressing this risk through increased R&D investment, acquisitions and an improved strategic marketing function. The Group's design team continues to develop innovative, patentable products, and Volex remains a strong player in the expanding high-speed data and EV markets. Volex is seeking to diversify products and enter a wider range of markets. Changes in charging technology have affected the power cords business, and there is also a risk from increasing wireless transmission of data, but having a well-diversified customer portfolio and broadening our service offering should help secure a longer-term future.	→	💡
<b>10 Operational – Climate and Environment</b>			
Climate and environmental risk factors are an emerging threat to all companies and could impact a business in terms of energy supply, resource availability and climate disruption.	As a global manufacturer, Volex depends on stable energy supply and secure supply of resources and materials. Through our successful diversification strategy and through establishing production capabilities in different regions we are a more resilient business.	→	💡

## Financial risks

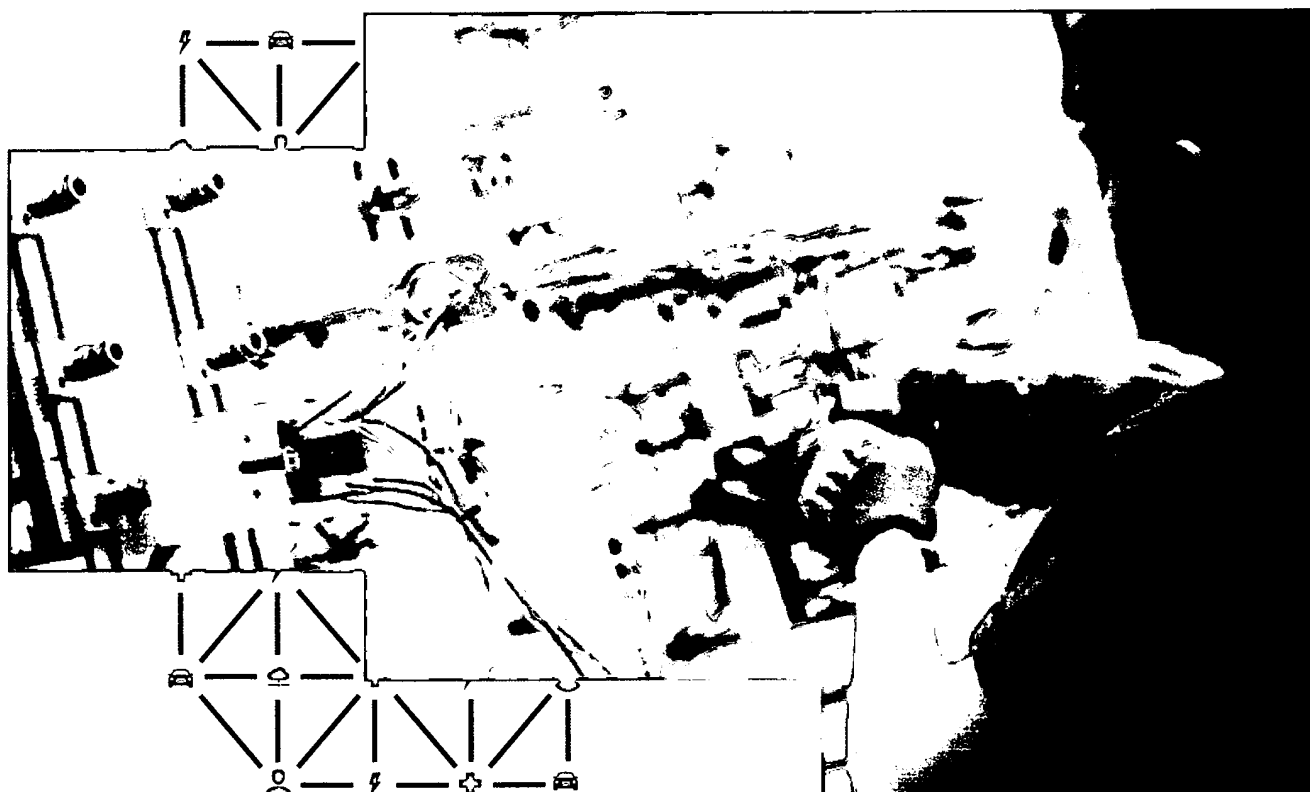
RISK AND POSSIBLE IMPACT	RISK MITIGATION ACTIVITIES	TREND	LINK TO STRATEGY
<b>11 Financial – Access to Finance</b>			
If the Group cannot access sufficient cash, bank borrowing or equity finance, investment and acquisition plans may be adversely affected.	The Company currently has a strong balance sheet. This year, the Company successfully replaced its existing \$100 million revolving credit facility with a new \$200 million committed facility, together with an additional \$100 million uncommitted accordion. The Group considers the impact of any significant transactions when undertaking short-term and long-term cash flow forecasting.	→	⊕
<b>12 Financial – Commodity Prices and FX Rates</b>			
As a global manufacturer producing and selling around the world, the Group's supply chain can be adversely affected by movements in commodity prices and other supplier inputs. The Group is also exposed to fluctuations and changes in currency exchange rates.	Volex has demonstrated an ability to manage commodity price risk, for example, through effective hedging and copper clauses in contracts with customers. In the near to medium term, due to the continuing impact of Covid-19 and shortages of key components and commodities, the risk of higher prices is increased. The mitigation activity remains the same with additional costs being passed on to customers.	→	🌟

Key: ↑ Up Trend ↓ Down Trend → No Change 💡 Product development 📊 Revenue growth 🌟 Operational excellence  
⊕ Investment and Acquisition 👤 People



## Compliance risks

RISK AND POSSIBLE IMPACT	RISK MITIGATION ACTIVITIES	TREND	LINK TO STRATEGY
<b>13 Compliance – Regulatory Compliance</b>			
<p>The Group operates in many jurisdictions around the world, all with different standards, ethics and rules for corporate governance, taxation, employment law, environmental law and product compliance and quality. Failure to adhere to local or international rules can result in severe fines, or even restrictions on the right of the Group to operate in those jurisdictions.</p>	<p>Compliance across the Group is overseen centrally by head office HR, Tax and Legal/Compliance functions, and managed locally in Volex regional centres, with assistance from professional advisers. Regular internal assessments are made, for example, of employment practices, health and safety conditions, corporate compliance, et cetera. For Volex products, safety and compliance staff are involved in the early stages of product design, liaising with customers and regulatory agencies.</p> <p>A dedicated trade compliance team is in place to ensure export control compliance. At the supplier level, since 2018, a number of standard agreements are in place, including an NDA, a Code of Conduct and a Purchase Agreement containing product warranty/liability provisions. Environmental/quality agreements are required before any non-AVL supplier can be selected and qualified as a Volex supplier.</p>	→ ⓘ	
<b>14 Compliance – Financial Controls</b>			
<p>With global operations and considerable autonomy often afforded to local regional centres and entities, the risk of control breaches opens up the risk of loss through fraud or through prosecution for breach of financial regulations.</p>	<p>The Group has an internal audit co-sourcing arrangement with an external provider and a number of internal audit reviews looking at financial controls have been completed during the year. Central and regional head offices exercise ongoing review and assessment of individual Volex operations.</p> <p>Annual participation in the Volex Group Anti-Bribery online learning course is mandatory for all relevant staff. Internal authorisation processes are reviewed periodically to ensure that they remain relevant and effective.</p>	→ ⭐	



# Section 172 Statement

**The Companies (Miscellaneous Reporting) Regulations 2018 require Directors to include a statement in the Strategic Report describing how they have had regard to the matters set out in sections 172(1)(a) to (f) of the Companies Act 2006. This section 172 statement explains how the Company's Directors have, as well as the interests of shareholders, also taken into account the following issues.**

## **The likely consequences of any decision in the long term**

As a global business working in the high-technology sector, the Board is always conscious of the longer-term impact of decisions and the changing context in which the Company operates. The Board met on multiple occasions across the year to ensure a close alignment around our strategy. Further details of the Company's strategy and longer-term objectives can be found in the Executive Chairman's Statement on pages 08 and 09, in the Strategy section on pages 18 and 19 and in the Chief Operating Officer's Q&A on pages 24 to 27.

## **The interests of the Company's employees**

The Board has shown its commitment to supporting and managing the development of its staff through its continuous focus on developing the culture and capability of the business. Over the year, the Board has stayed close to the business as it has dealt with the ongoing effects of the global pandemic. Discussions with executive management have focused on growth, talent, succession planning and a strategic investment in key skills and capabilities to underpin the delivery of the strategy. Employee safety remains a priority and is one of the Company's KPIs, while 'People' is one of the five key strategy pillars. The activities recently undertaken to improve employee engagement and welfare are set out in the Executive Chairman's Statement on pages 08 and 09, and in more detail in the 'Social Impact' section of the Sustainability Report on pages 51 to 53. The Safety, Environmental and Sustainability Committee Report can be found on pages 73 to 74.

## **The need to foster the Company's business relationships with suppliers, customers and others**

The Company maintains long-term relationships with many customers, suppliers and other business partners, including its professional advisers. The nature of its business, with many products requiring safety and other technical certifications, ensures close co-operation with partners and the development of strong business relationships. Further information on the Company's business relationships can be found in the Strategy section on pages 18 to 21, the Chief Operating Officer's Q&A on pages 24 to 27, and the Performance and Financial Review on pages 28 to 37.

## **The impact of the Company's operations on the community and the environment**

The Company continues to examine ways in which its impact on the community and environment, whether local or global, can be managed and

mitigated, as set out in the Sustainability Report on pages 45 to 54. The Company maintained regular monitoring and reporting of its energy use and carbon emissions even when that was not compulsory for AIM listed companies. The Board is providing oversight to the Executive team's focus on sustainability to ensure the development of an evidence-based long-term roadmap to drive performance in all areas of environmental, social and governance-related indicators in the years ahead. Details of the Company's commitment to engagement with the local community can be found in the Sustainability Report on pages 45 to 54.

## **The desirability of the Company maintaining a reputation for high standards of business conduct**

The Volex Group has a clear Code of Conduct regarding its ethical and business standards, formally approved by the Board, and numerous more specific Company policies which support and feed into that code, relating to financial matters, health and safety issues, environmental standards, employment practices, modern slavery, conflict minerals and other matters. Company policies are hosted on the Company intranet site and are communicated to new staff on entering employment. Suppliers are required to sign an equivalent document which confirms their commitment to abide by similar standards. The Company has upgraded its compliance hotline and has implemented an independent reporting system. Every year, senior management for individual production sites and cross-company areas of responsibility in all the subsidiary companies are required to sign a Certificate of Compliance with the main code and with other key policies, confirming their adherence to them. More details on the Company's ethical values and standards can be found in the Sustainability Report on pages 45 to 54 and in the Corporate Governance Report on pages 62 to 67.

## **The need to act fairly as between members of the Company**

All Volex shares are publicly traded on AIM and each carries equal value and an equal vote for any members' resolutions. The Board does not make any distinction between the Company's shareholders and currently does not issue different types of shares. The Executive Chairman is a major shareholder, which helps align his interests with those of other shareholders. All of the Company's Directors, including the Non-Executives, are usually available to speak to shareholders and answer questions at the Company's Annual General Meeting ("AGM"). Smaller shareholders are often the most regular attendees and active in questioning the Board at the AGM.

# Sustainability at Volex

## Management and stewardship

### Board governance – Safety, Environment and Sustainability Board Committee

In the past year with our Board's approval and oversight through the Board's Safety, Environment and Sustainability Committee we have increased our focus on sustainability and have now established a framework upon which we can build our sustainability agenda for the future. This framework identifies three key pillars of activity that will underpin our efforts to improve our performance on sustainability. These key pillars are:

#### 1. Data led insight

this means getting our data, data collection and data reporting fit for purpose

#### 2. A bottom-up approach

this means driving improvement actions at each of our sites, only through site level engagement can we achieve sustainable improvement

#### 3. Group-wide Action

where we identify common themes or action areas to work on and we use our global scale to work with a common purpose to achieve the maximum impact for our effort

### Volex Sustainability Reporting System

In the past year we have prioritised the implementation of a Sustainability Reporting System and have established a standardised set of ESG-related indicators across all of our operating locations. We selected the UL360 Essentials solution as our reporting platform and with this capability we can now ensure that our ESG data is captured consistently across all parts of our business.

We call this platform the Volex Sustainability Reporting System ("V-SRS"). Not only does this investment deliver a consistent set of management insights across a wide array of environmental, social and governance related performance indicators it also enables us to efficiently calculate our global carbon emissions ensuring that we can be more granular and responsive in our disclosures to our external stakeholders.



### Building 'Excellence in Sustainability' at a factory level

In the past year we have worked hard to engage all of our sites in the design and development of our Volex Factory Sustainability Framework. We have used regional sustainability networks to share thinking and best practice examples and have engaged with all of our site leaders to ensure that our ambitions in sustainability are credible. We believe that the only way to deliver meaningful and sustainable improvement in a global manufacturing company is to generate engagement and improvement effort at each and every one of our sites.

The establishment of our Volex Factory Sustainability Framework acts as a platform for each of our manufacturing facilities to select their own prioritised improvement actions for the year ahead to ensure that they enhance the sustainability performance of their site.

To ensure we celebrate the successes of our sites' achievements to deliver on the sustainability agenda we have also decided to expand our successful global Site Excellence Awards programme to include Sustainability as an additional category so that we recognise those sites who demonstrate excellence in this area. The first Sustainability Site Excellence Award will be announced in April 2023.

# Sustainability at Volex





## Our sustainability strategy

At Volex, sustainability is central to how we operate. As a global manufacturer and provider of power and connectivity related solutions we are dependent upon a sustainable supply of resources and energy to enable us to meet the expectations of both our customers and the end users of our power cords, connectors and harness assemblies.

We recognise that as a global manufacturer we have a significant responsibility to protect and preserve these natural resources and to use our energy as efficiently as possible. We are committed to having a positive impact on the communities in which we operate whilst providing stable and meaningful employment to our workforce whilst ensuring that we minimise any negative impacts on the natural environment from our operations.

The greatest contributing factor to our carbon emissions, in FY2022 87%, comes from the energy we consume to transform materials into our customer's products. We have started to investigate our Scope 3 emissions more fully. We recognise that at least a further 70% of our total emissions could fall within the definition of Scope 3 emissions as defined by the UN's Global Compact.

It is our responsibility to constantly strive for operational excellence in our manufacturing processes to ensure that we use the optimum amount of energy necessary to produce our finished products. This approach requires a relentless focus on kaizen. Our key challenges are to source our energy responsibly to reduce our carbon emissions (per kilowatt hour of energy sourced) and to eliminate waste through ensuring a right first-time approach to our processes and by ensuring that any waste produced through our operations is re-used, re-purposed or recycled, therefore minimising our disposal of waste to landfill.

AT VOLEX WE STRIVE TO BE:	OUR IMPROVEMENT EFFORT IS FOCUSED ON	UN SDG	METRIC	FY2022	FY2021
A sustainable business	<ul style="list-style-type: none"> <li>Delivering year-on-year improvements in the efficiencies of our production processes</li> <li>Using our resources efficiently and maximising recycling rates</li> </ul>		Carbon intensity <sup>1</sup> tCO <sub>2</sub> e/mUSD	34.89	40.68
			Waste to Landfill <sup>2</sup>	151,692 Kg	n/a
			Recycling rates <sup>3</sup>	86.6%	n/a
A responsible business	<ul style="list-style-type: none"> <li>Ensuring all our employees are safe, healthy and engaged whilst at work</li> <li>Ensuring that all our workers receive fair pay and benefits</li> <li>Ensuring an inclusive culture that values diversity</li> </ul>		Accident Rate <sup>4</sup>	3.2	2.0
			Turnover <sup>5</sup>	3.28%	4.25%
			Absence <sup>6</sup>	3.86%	3.05%
			Diversity <sup>7</sup>	53%	n/a
A trusted business	<ul style="list-style-type: none"> <li>Delivering products and services to our customers that provide their power and connectivity needs helping to power life and supporting the move to a greener economy</li> <li>Operating our business ethically and with integrity ensuring a robust Code of Conduct is embraced by all our employees</li> </ul>		Number of employees trained on equal opportunities and diversity <sup>8</sup>	6,384	n/a
			Number of employees trained on CyberSecurity <sup>9</sup>	1,471	1,374
			% covered by ISO9001 <sup>10</sup>	98.9%	n/a

<sup>1</sup> tCO<sub>2</sub>e per million USD Revenue. The scope of our carbon emission measurement is shown on page 49.

<sup>2</sup> Kgs of waste sent to landfill. We commenced data collection in FY2022, data shown is annualised based on seven months actuals. Data being reported is from 10 factories representing 76% of our global workforce. Our other sites are yet to commence waste data reporting.

<sup>3</sup> Our recycling rate percentage is calculated as the % of solid waste produced that is sent for recycling averaged from the last three months of FY2022. Data is reported from 9 factories representing 75% of our workforce. Our other sites are yet to commence waste data reporting.

<sup>4</sup> Lost Time Accidents per million hours worked. Equivalent metrics are 0.6 accidents per 200,000 hours worked or 617 accidents per 100,000 employees. All sites report monthly safety information.

<sup>5</sup> Our Turnover rate is calculated as the number of leavers / total workforce as a percentage. We exclude leavers where short term fixed term contracts expire. Our gross turnover for FY2022 is 3.99.

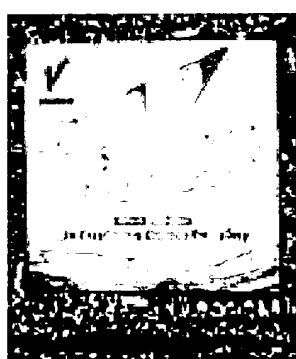
<sup>6</sup> Our Absence percentage is calculated as the number of hours of absence as a percentage of total worked hours. In this KPI we exclude vacation, training and maternity leave hours. In FY22 we saw increased sickness absence levels caused by Covid-19 cases across most of our global locations.

<sup>7</sup> We introduced data reporting on workforce diversity in FY2022. This KPI shows the percentage of the total workforce who are female. Calculated based on P12 actuals. Additional diversity metrics are shown on page 51.

<sup>8</sup> We introduced data reporting in FY2022. This confirms the number of employees who received training on equal opportunities and diversity in FY2022. This number is equivalent to 81% of our year end workforce.

<sup>9</sup> Numbers of employees participating in our CyberSecurity E-Learning programme. This e-learning is applied to our management and professional workforce only. In FY22 this represented 74% of our IT-enabled workforce.

<sup>10</sup> Data reporting commenced in FY2022. This shows the percentage of total workforce employed at a location with an ISO9001 certified quality management system. All certifications are available on our website. Additionally we have 51% of our workforce employed at an ISO45001 (occupational health and safety management system) certified facility and 79% of our workforce employed at an ISO14001 (environmental management system) certified facility.



## Environmental Management

Our commitment to sound environmental stewardship is enshrined within the Group's Code of Conduct which has Board approval and oversight through the Safety, Environment and Sustainability Committee. We are committed to minimising the impact of our business on the local environment in which we operate.

In FY2022 we have aligned our sustainability strategy to the United Nations' Sustainable Development Goals to ensure that as we develop our strategy we are clear on how our efforts can be aligned to the wider sustainability agenda. We will accelerate our efforts to promote more sustainable business practices through the implementation of the Volex Factory Sustainability Framework.

## Environmental Management Systems

The majority of our factories have adopted an environmental management system that is accredited to international standard ISO 14001:2015. 79% of our global workforce currently works in a factory which is ISO14001 certified. Compliance is ensured through our internal audit process together with regular external audit assessments. We did not receive any environmental fines or penalties in FY2022.

## Emissions

We are committed to reducing the carbon emissions associated with our operations. We have delivered a 14% reduction in carbon intensity per million USD revenue compared to the prior year. We have established energy efficiency as a key pillar within our factory sustainability framework and improvement ideas generating energy efficiency are already being identified through our kaizen activities.

## Energy and efficiency improvement actions in 2022

We are committed to improving energy efficiency across the business. As part of introducing the Volex Factory Sustainability Framework we encourage each site to adopt energy efficiency measures including the implementation of LED lighting solutions, switch-off equipment whilst not in use and replacing older energy intensive equipment with more modern and more sustainable solutions.

We have continued to invest in more energy efficient process equipment in our operations. Our Basingstoke, England factory has adopted a fully green-certified energy supply marking the first Volex factory to fully utilise renewable energy supply. In Mexico, our recently acquired plant in San Luis Potosi has a specially-adapted roof design which enables operations to work with just natural light during daylight hours without the need for energised lighting. In China, our Henggang facility completed a project to adopt energy efficient heaters for their moulding machines to avoid unnecessary heat loss during their operation.

## Volex Site Excellence Awards

In FY2021 we implemented a programme to recognise excellence at a site level. Each site receives a certificate and a bespoke trophy but even more importantly all winning sites take time to hold a factory-wide celebration event involving every employee. It is extremely important for us at Volex to take the time 'at a site level' to recognise and celebrate with every single employee.

In FY2023 we will add a category for Sustainability to enable us to recognise excellence in this area as our sites start to deliver improvement activities.

# Environmental Sustainability

## ENVIRONMENTAL IMPACT SDGS:

We are working to improve the environment impact of our operations.



### Climate action

Take urgent action to combat climate change and its impacts

➔ For information about individual regions and factories, please visit our website [www.volex.com](http://www.volex.com)

### Climate Change

As Volex we recognise the increasingly disruptive changes that are taking place to the world's climate and we are committed to playing our part in tackling climate change. Our overall objective is to reduce our carbon footprint across our value chain by working within our own operations and through our engagement with external stakeholders. We firmly support the recommendations of the TCFD and are preparing for proper disclosure to meet the requirement in the future. We are also developing a Climate Change Policy, which will include emissions reduction targets with the aim of achieving net carbon zero.

### Energy Consumption

Our energy consumption varies significantly by site given the differences in the manufacturing processes utilised at these locations. However with the implementation of our V-SRS platform we can now report on site energy consumption across the Group identifying areas of excellence and areas for improvement. We have defined FY2022 as our base year for our emissions and fuel consumption performance given the implementation of our comprehensive sustainability reporting platform.

### Water

Volex is committed to minimising the consumption of water within the business. Our objective is to ensure that this precious natural resource is used sustainably and always returned to the water system in a good condition. At most of our locations water use is minimal as it is not naturally required in our traditional manufacturing processes. Water efficiency is one of the improvement areas within our Factory Sustainability Framework. In FY2022 we consumed 216,373 metric tonnes of water compared to 178,590 in FY2021. This year-on-year increase is caused by both our acquisition strategy and increased levels of production across the Group.

### Waste

Volex is committing to minimising waste within the business and to ensure that we minimise any waste that is sent to landfill. In FY2022 we started work to understand and manage the impact of waste produced from our business. In FY2022 we started to encourage all sites to introduce waste management arrangements to measure the waste produced by their operations. It is encouraging to see that by the end of FY2022 we could report a recycling rate of 89%. This is based on the submissions from nine of our factories representing 75% of our global workforce. Our UK-based subsidiary GTK UK is the only one of our sites currently performing as a zero waste to landfill business. With greater focus on waste management and recycling planned for FY2023 we would anticipate delivering significant improvements in this area in the years ahead.

### Products and Sustainability

Many of our products are aligned to key ESG objectives, including manufacturing for Electric Vehicle charging, medical purposes and for greater efficiency including robotics and automation. From a product perspective we are compliant with the provisions of EU RoHS and EU REACH, and implement stringent controls to eliminate the use of hazardous substances. We offer products that are free from MCCP, phthalates, lead and DINP, and a range of halogen-free cables.

We have also challenged our business through our Factory Sustainability Framework to focus on improvements within our global supply chain to reduce the inherent emissions associated with the transportation of products both in our internal and in our external supply chain. Changing the sources of key materials, becoming more vertically integrated and considering greater use of local supply possibilities enable us to further decarbonise our supply chain. As we recognise that an additional 70% of our total emissions could lie within our Scope 3 emissions we have in FY2022 commenced a pilot project to investigate our Scope 3 emissions from within our supply chain and we would expect to expand our focus in this area in the coming year.

# Streamlined Energy & Carbon Reporting (SECR) Statement FY2022

## Company information

Volex plc (the "Company" and together with its subsidiaries the "Group") is a public company limited by shares domiciled and incorporated in the United Kingdom under the Companies Act 2006. Its shares are listed on AIM, a market on the London Stock Exchange. The address of the registered office is given on page 164.

## Quantification and reporting methodology

For our reporting on Scope 1, 2 and 3 we have followed the GHG Protocol and the 2013 UK Government environmental reporting guidance as defined in The Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013 and The Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018. The full global operations have been included within this assessment. The financial boundary was reviewed and has been determined that all material emission sources have been captured within the assessment boundary.

We are working towards reporting against the remainder of our Scope 3 emissions. The figures relate to the required elements of each Scope 3 category.

**Table 1: Total Volex GHG emissions for the period 1 April 2021 – 31 March 2022\* (tonnes CO<sub>2</sub>e<sup>1</sup> unless stated)**

\* All sustainability data is reported using full calendar months. Therefore, there is a minor difference in our reporting periods.

Global GHG Emissions data in metric tonnes CO <sub>2</sub> e	2021/22			2020/21		
	UK and offshore	Global (excl. UK and offshore)	Group Total 2021/22 <sup>3</sup>	UK and offshore	Global (excl. UK and offshore)	Group Total 2020/21
<b>Scope 1: Direct GHG emissions</b>						
Site Diesel	–	76	76	–	32	32
Refrigerants	–	210	210	–	126	126
Site Natural Gas	13	451	464	18	1,074	1,092
Company Vehicle Fuel Use (including LPG)	–	41	41	–	55	55
Company Owned Vans/Lorries	–	122	122	–	137	137
Company Owned Car Travel	–	89	89	1	187	188
<b>Total Scope 1</b>	<b>13</b>	<b>990</b>	<b>1,003</b>	<b>19</b>	<b>1,611</b>	<b>1,630</b>
<b>Scope 2: Indirect GHG emissions</b>						
Grid Electricity Non-Renewable	2	18,469	18,471	30	16,356	16,386
District Heating Emissions	–	265	265	–	124	124
<b>Total Scope 2 (location based)</b>	<b>2</b>	<b>18,734</b>	<b>18,736</b>	<b>30</b>	<b>16,480</b>	<b>16,510</b>
<b>Total Scope 1 and Scope 2 Emissions</b>	<b>15</b>	<b>19,724</b>	<b>19,739</b>	<b>49</b>	<b>18,091</b>	<b>18,140</b>
Intensity metric:			34.9	0.1		40.7
Scope 1 & 2 GHG emissions per \$M turnover <sup>2</sup>						
<b>Scope 3: Indirect emissions in the value chain</b>						
Employee Commuting inc. home workers emission	–	–	n/a <sup>4</sup>	–	6	6
Grid Electricity Non-Renewable (T&D)	–	1,235	1,235	–	1,689	1,689
District Heating T&D Emissions	–	14	14	–	7	7
Business travel (rail, flights, taxi)	–	436	436	1	8	9
<b>Total scope 3 emissions</b>	<b>–</b>	<b>1,685</b>	<b>1,685</b>	<b>1</b>	<b>1,710</b>	<b>1,711</b>
Total gross CO <sub>2</sub> e (Scope 1+2+3) (location based)	15	21,409	21,423 <sup>5</sup>	50	19,800	19,850
Total Energy consumption (Scope 1+2) (kWh)	154,283	39,354,386	39,508,669	229,244	38,069,214	38,298,458
Renewable Energy Consumption (kwh)	77,110	–	77,110	n/a	n/a	n/a
Renewables Energy Consumption (tCO <sub>2</sub> e)	18	–	18	n/a	n/a	n/a

<sup>1</sup> CO<sub>2</sub>e – carbon dioxide equivalent, this figure includes GHGs in addition to carbon dioxide.

<sup>2</sup> Intensity ratio of gross global emissions in tonnes of CO<sub>2</sub>e per million dollars of revenue chosen as a common business metric for our industry sector. Acquisitions in the reporting year include Irvine Electronics, TC, Prodarmex which completed in FY2022. Emissions are recorded from day 1 of the acquisition as part of our integration activities.

<sup>3</sup> FY2022 is the first year in which we have a comprehensive data set to assess our environmental performance. FY2022 is the base year to monitor our future performance.

<sup>4</sup> Homeworker emissions have been excluded from the scope, they amount to 1% of the total emissions and so it is not material to the overall results.

<sup>5</sup> This excludes the 18 tCO<sub>2</sub>e from our consumption of certified renewable energy so the gross total emissions for FY2022 is 21,442 CO<sub>2</sub>e.

# Streamlined Energy & Carbon Reporting (SECR) Statement FY2022

Table 1 shows the GHG emissions for the Group, broken down by Scope 1, Scope 2 and some Scope 3 emissions for FY2022 and FY2021.

Our reported emissions have increased this year by 18.8% as a result of our expansion through acquisition and an overall revenue growth of 38.6%. Our Emissions Intensity has reduced by 14% for the FY2022.

## Emissions by Region (tCO<sub>2</sub>e)

Region	FY2022
UK	15
Americas	1,796
China	11,183
Asia Pacific	4,170
Europe & Turkey	4,259
Group Total Emissions	21,423

## Targets

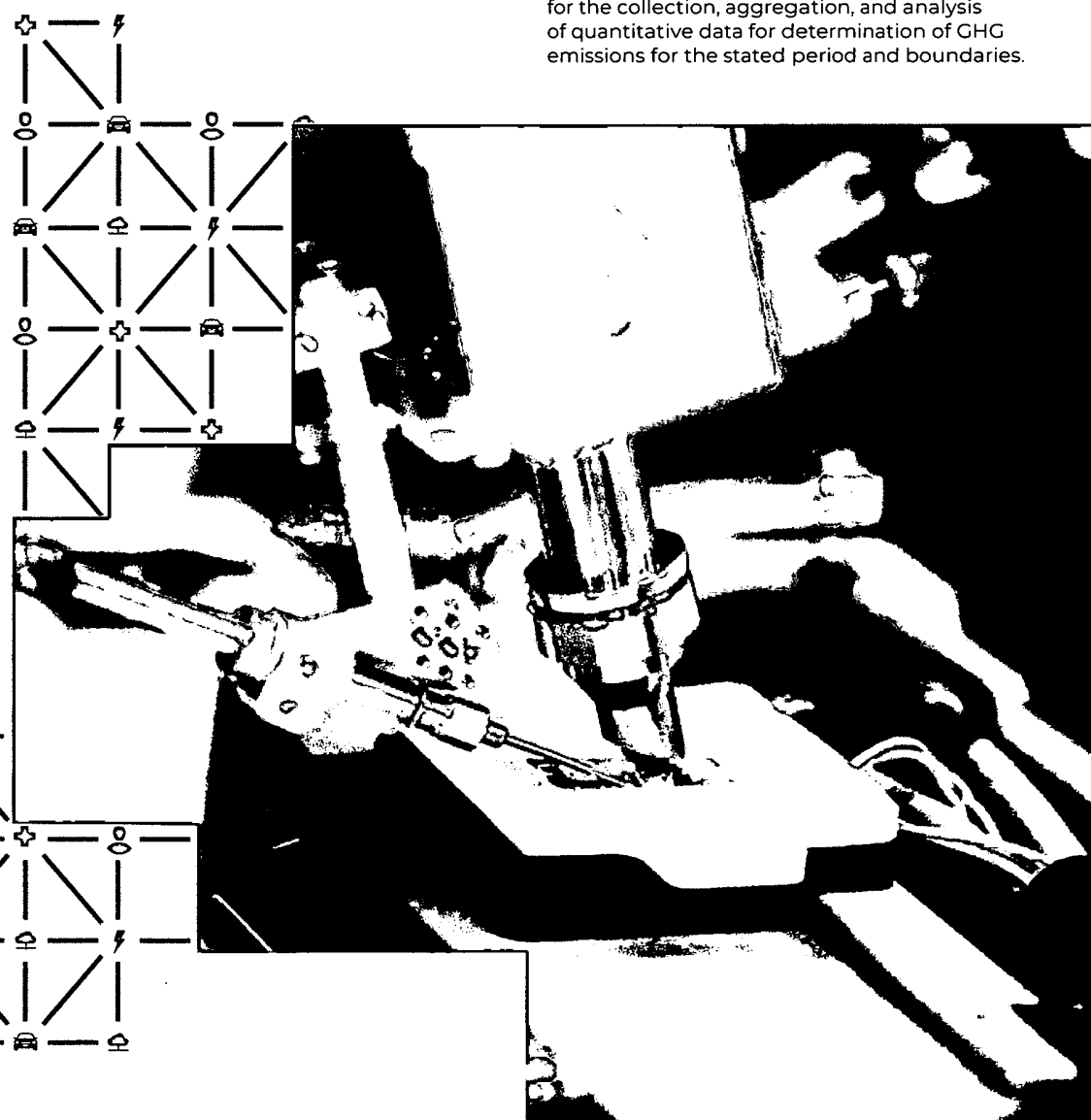
Now that we have a base year (FY2022) on which to assess our emissions, through FY2023 we intend to define our emissions reduction targets with the aim of achieving net carbon zero.

## Data Assurance

In FY2022 we engaged Carbon Footprint Ltd., to undertake an independent third party verification of carbon footprint assessment and supporting evidence for our FY2022 reporting on our Scope 1, 2 and 3 emissions. A copy of their report is available on our website. The verification undertaken by Carbon Footprint Ltd was conducted in accordance with ISO 14064-3 (2019): Greenhouse gases- part 3: 'Greenhouse Gases: Specification with guidance for the verification and validation of greenhouse gas statements.'

Page 3 of the Carbon Footprint Report confirms that this provides a limited level of assurance.

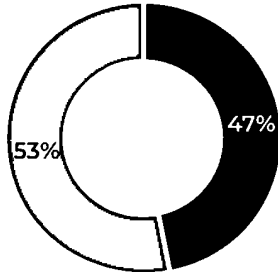
Page 17 of the Carbon Footprint Report confirms that Volex has established appropriate systems for the collection, aggregation, and analysis of quantitative data for determination of GHG emissions for the stated period and boundaries.



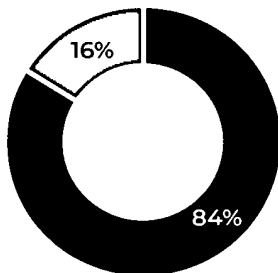


# Social Impact

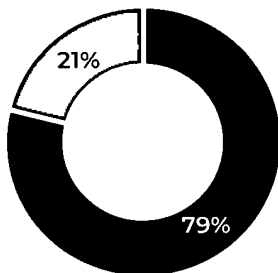
## Total Workforce



## The Board



## Management



■ Male  
■ Female

## Diversity

We are committed to developing a diverse and inclusive workforce and to be an equal opportunity employer and this is enshrined within our Group Code of Conduct endorsed and overseen by our Board. We believe that the ability of our employees to progress within the Company must only be linked to their efforts and abilities. Our overall workforce gender diversity is well balanced with 53% of our workforce being female and the global nature of our operations ensures a broad representation of nationalities exist across our workforce.

Each year we aim to deliver training on equal opportunities and diversity related topics to our workforce. With our new reporting system we can confirm that 6,384 employees received this training in FY2022.

## Health, Safety and Well-being

Our Sustainable Business Goal is to improve the physical and mental health and well-being of our employees and to provide them a safe place to work. This aligns with the UN's SDG 3 "Good health and well-being".

We are committed to ensuring that all of our employees have a safe place to work. Our people are our most important asset and as a manufacturing company our primary focus is on ensuring safety in our factories. We achieve this through ensuring robust health and safety management systems and through a strategy of risk reduction and accident and injury prevention.

51% of our global workforce is employed within a plant accredited to ISO45001 which is the international standard for occupational health and safety management systems. Compliance with these management systems is ensured through an external audit process with external assessments by companies such as TUV and Intertek.

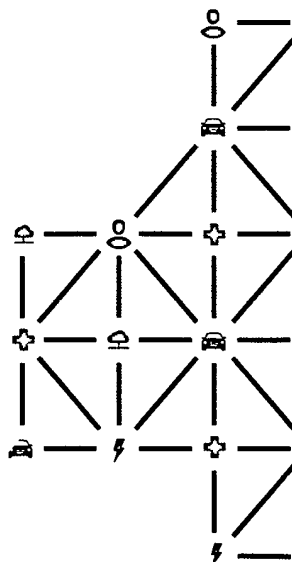
In FY2022 we trained 6,712 employees in health and safety.

## Actions taken to improve Health, Safety and Well-being in the business

Since 2019 we have adopted a rigorous approach to reducing levels of risk across all of our factories. We have implemented our Group Health and Safety policy, approved by the Board, to all of our sites and we require all sites to follow our Group's incident reporting process to ensure that all serious incidents are quickly and professionally reported to Management. Every lost time accident is investigated by the local management team and every incident report and corrective action plans are reviewed by our Group HR Director.

Feedback on safety causation and trend information is regularly provided to the Board through the Safety, Environment and Sustainability Committee.

Despite the constraints of a Covid-19 world we have continued to carry out Plant Safety Reviews during the year. We have focused on the two sites responsible for the greatest number of our Lost Time Accidents.



# Social Impact

## SOCIAL IMPACT SDGS:

With over 7,800 employees across 22 countries our focus is to ensure a positive social impact.



### Good health and well-being

Ensure healthy lives and promote well-being for all at all ages



### Decent work and economic growth

Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all

For information about individual regions and factories, please visit our website [www.volex.com](http://www.volex.com)

As travel restrictions ease we will ramp up our efforts to complete a greater number of Plant Safety Reviews in FY2023 as these are the best way to verify the real status of safety and risk on site.

Our primary KPI for safety is the number of lost time accidents. We are determined to reduce the number and severity of accidents in our operations.

In FY2022 we had 29 lost time accidents. We have not had a fatality in our business during FY2022 or FY2021.

	FY2022	FY2021
Number of fatal accidents	0	0
Number of lost time accidents	29	27
Number of sites with zero lost time accidents	8	7
Accident Frequency Rate	3.2	2.0
Days lost due to lost time accidents	541	n/a
Number of on-site plant safety reviews	3	1
Workforce (%) covered by ISO 45001	51	n/a
Number of employees receiving H&S training during FY2022	6712	n/a

Note, the scope of our health and safety reporting disclosures covers the entire workforce inclusive of accidents or injuries incurred by contractors or agency-based personnel in support of business. Acquired businesses report accidents and incidents from day one.

With our enhanced reporting capabilities we now monitor accident frequency rates on a monthly basis with actual worked hours giving a more precise insight into our performance. We use this data to prioritise our improvement activities. Those sites with higher accident frequency rates receive greater support even if the overall number of incidents remains low.

In FY2022 we started to report on all injury accidents and near miss incidents and we would expect to be able to report on these for FY2023.

### Primary causes and types of accidents

Having assessed every lost time accident since 2015 we know that the primary cause of lost time accidents historically has been employees injuring their fingers when coming into contact with moving machinery (43% of our lost time accidents in FY2022).

Since FY2020 we have placed a strong emphasis on machinery safety and have seen some significant improvements. Some of our more recent acquisitions still have to complete this improvement work before we successfully improve our Group-wide performance.

### Talent development and performance management

Volex is committed to promoting career development within our workforce. All of our businesses are proactive in anticipating both short and long-term employment needs and skill requirements. All employees are encouraged to actively engage in their career development and training opportunities are available across the Group.

Since 2020 we have operated a robust talent review process in Q1 of the financial year. 1,584 colleagues (20% of our workforce) received an annual performance review during FY2022. For our most senior 250 employees we manage their performance within an online performance management system. Implemented in FY2021 this system ensures alignment of objectives, regular reviews and feedback and consistent year end evaluation. Our shop floor based employees receive skill-based assessments during the year but these are excluded from the management and staff performance review processes.

### Training hours and training budget

In FY2022 we have started to record our investment in training hours and spend across our business. For FY2022 58,761 hours of training (8 hours per person per year) were delivered across our business with an investment in 'off the job training' in excess of \$132,000 also being reported by our sites.

### Community engagement

The communities in which we operate are vital to our workforce and many of our sites have continued to engage pro-actively with their communities despite the ongoing pandemic. In FY2022 across the Group we donated \$6,065 in cash donations to recognised charities. This was brought into contrast in the final quarter with the Ukrainian crisis. Our Poland team located in Bydgoszcz immediately started to pro-actively mobilise in support of the Ukrainian people.

### Workforce engagement and culture

Our goal is to create a great place to work for our employees. We have adopted two key measures to assess the levels of workforce engagement. As part of our growing focus on Sustainability we provide regular updates on issues affecting workforce engagement and culture to the Board via the Safety, Environment and Sustainability Committee.

In FY2022 with the implementation of the Volex Sustainability Reporting System ("V-SRS") we are now able to establish a base year for a comprehensive set of performance indicators for our global workforce and this includes absenteeism and turnover.

### Absenteeism

We have established a global framework to monitor absence consistently. We use an adjusted measure for absence within the business. To calculate this we exclude holiday, maternity leave and hours spent on 'off the job' training. Total absence levels are also recorded. In FY2022 3.86% of all worked hours were lost due to absence factors including sickness but excluding vacation, training and maternity leave.

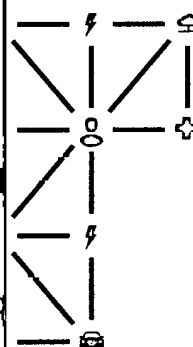
### Employee turnover

Our focus is on reducing voluntary employee turnover. This means where the employee decides to end their employment relationship compared to the expiry of a fixed term employment agreement or where an employment agreement is terminated for some other substantial reason such as misconduct or a restructuring.

For FY2022 total workforce turnover across the Group was 3.96% although some sites continued to face local challenges of high turnover particularly within their shopfloor-based roles. If the expiry of fixed term contracts is excluded from this data then the adjusted workforce turnover for FY2022 was 3.32%.

### Employee referral programmes

We believe in the principle that our employees should be the best ambassadors of our business. We therefore encourage every site to operate an employee referral programme whereby employees can financially benefit if they refer a potential employee who then is hired and succeeds in their role. In our first year of recording this data we can report that 14% of our hires came through employee referral programmes. This is a key area of focus for our sites and especially for those sites who do not currently have a referral programme in place.



# Governance and Compliance

## GOVERNANCE IMPACT SDGS:

We are building an inclusive and diverse workforce



**Gender Equality**  
Achieve gender equality and empower all women and girls.

### Introduction

Ensuring that the business operates an effective governance framework is a key challenge for us as we continue to grow.

Providing clear guidance to all employees especially those who join the Group through acquisition is an essential task for the teams so that we ensure fairness and consistency around non-compliance and to ensure that any concerns are quickly identified and corrected.

### Volex code of conduct

In FY2022 we started to update our Code of Conduct to provide a foundational framework that all of our sites could use to train our employees in the core principles, policies and values of our Company. We would anticipate completing this work in FY2023.

### Speak up

We upgraded our Speak Up policy during FY2022 in response to the EU's Whistleblowing Directive. Our Speak Up policy framework is proactively communicated to all employees in local language and employees are encouraged to use when necessary. We have invested in the Navex EthicsPoint system to provide an independent incident response and reporting solution and implemented this across the Group providing access and information in 12 local languages.

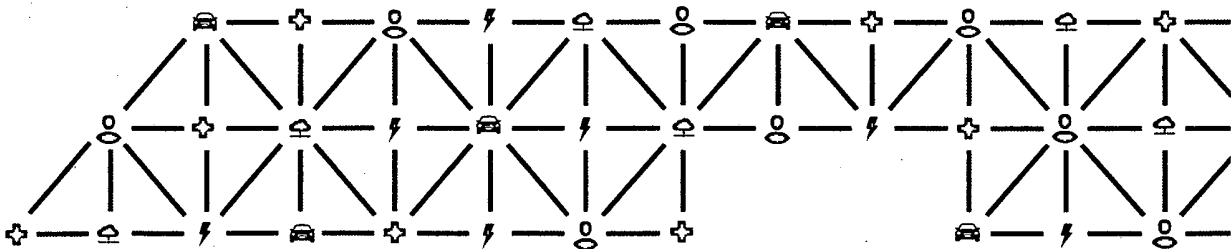
Our Speak Up policy is available on our website.

The reporting system went live in December and we received zero cases in the final three months of FY2022. All cases will be reported to the Board's Audit Committee.

### Anti bribery and corruption

As a Company we prohibit any form of bribery and corruption. We have a clear policy on anti-bribery and anti-corruption which has been reviewed and approved by the Board covering all elements of our workforce. This policy is published on the Group's website and the commitment is also enshrined within the Group's Code of Conduct.

Each year all eligible employees are required to undertake Anti Bribery and Anti Corruption e-learning. In FY2022 414 (98% of eligible) employees completed this training programme. Eligible employees include those in sales, procurement and other management and administrative functions. All training is evaluated and the FY2022 programme received ratings of 4.5/5.0.



### Modern slavery and human rights

We fully support the principles enshrined within the UK's Modern Slavery Act 2015. We publish our annual Modern Slavery Statement onto the UK Government's portal and this is reviewed and approved by our Board of Directors. Our Modern Slavery policy is available on the Group's website.

### Cyber security

The Company has a robust information systems, technology and cyber security framework. Business Continuity Principles are in place across the Company and are subject to regular testing. A management Cyber Security Committee meets periodically with a cross-functional management group to assess progress. Every month 1,368 eligible employees complete quick bite-sized cyber security training to ensure we stay alert to these risks.

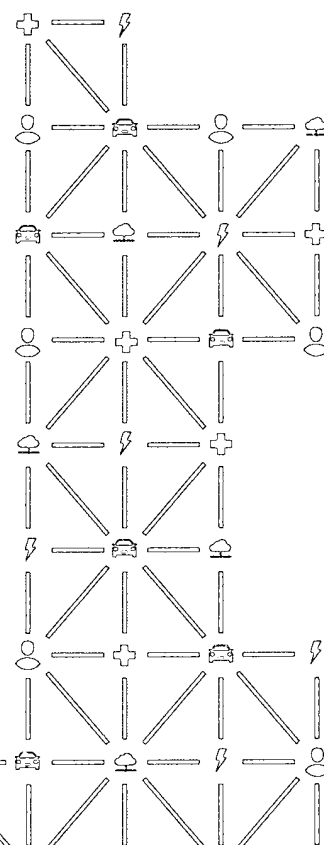
### RBA code of conduct

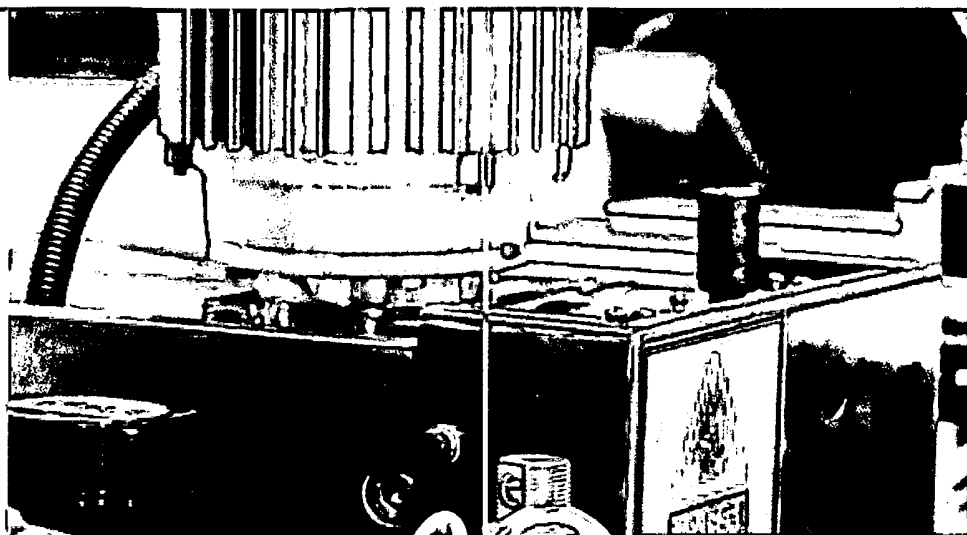
Our largest sites (Batam, Henggang, Suzhou and Zhongshan) are regularly audited against the requirements of the Responsible Business Alliance's Code of Conduct.

### Conflict minerals and responsible minerals

Volex has a dedicated policy addressing the issue of conflict minerals. We are committed to avoiding the use of conflict minerals in our products, and we ask our suppliers to ensure that materials used in components and products they supply to us, including tin, tantalum, tungsten and gold, are conflict-free.

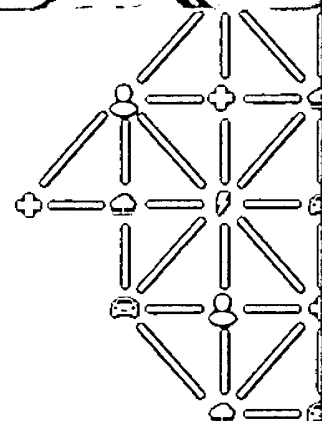
In FY2022 we updated our policy to be our Responsible Minerals Policy and this has been approved by the Board and is available on our website.

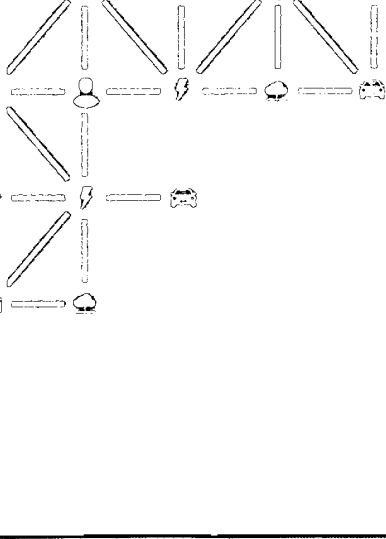
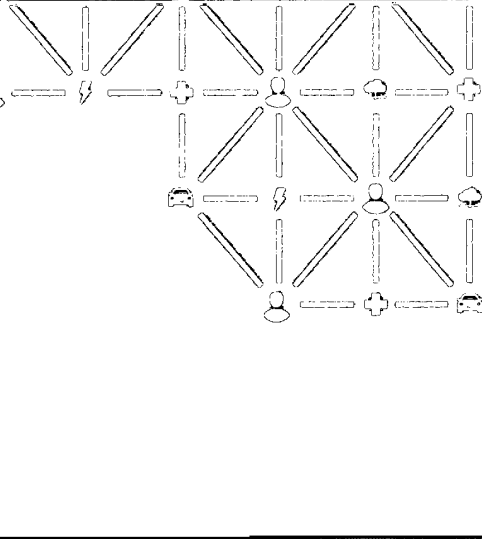
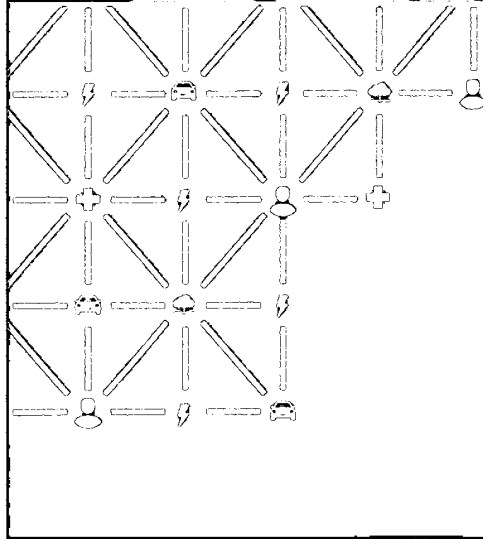
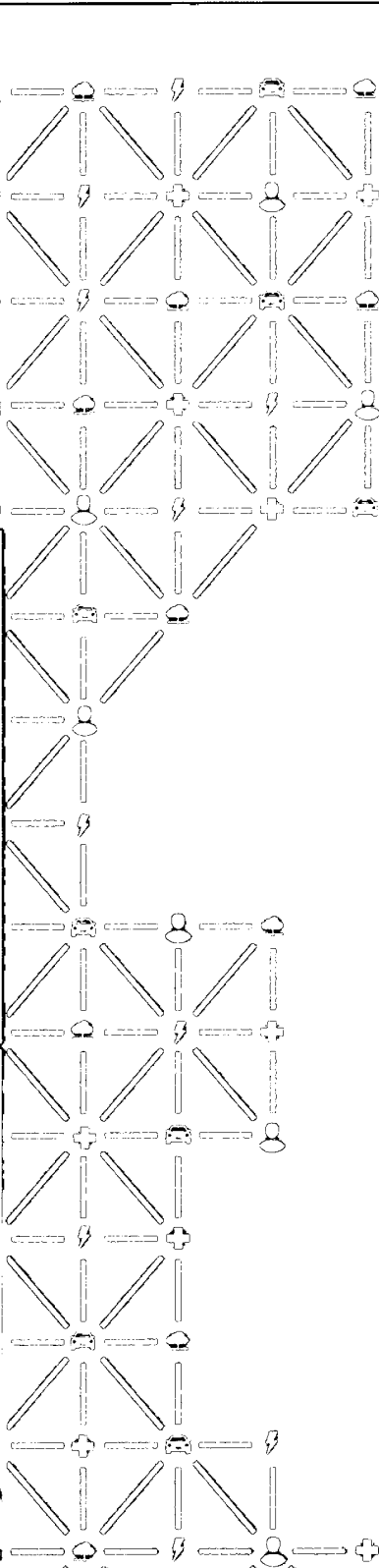
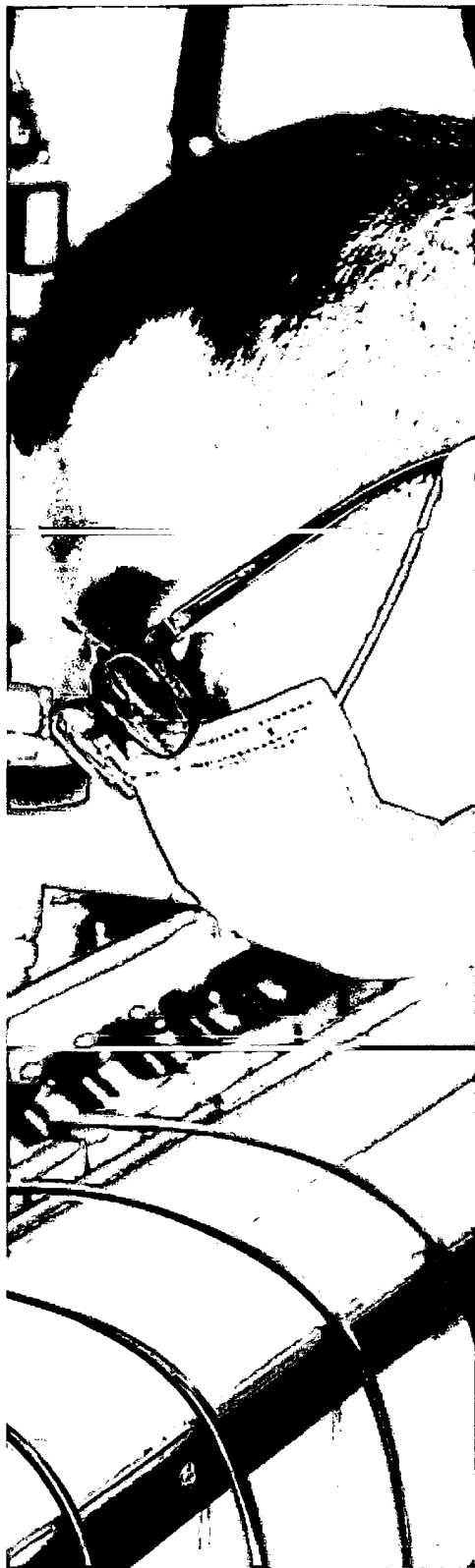




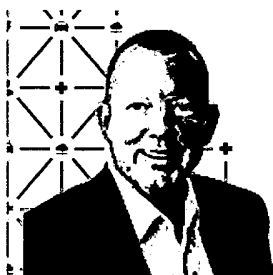
# Governance

Board of Directors	58
Executive Chairman's Introduction	60
Corporate Governance Report	62
Audit Committee Report	68
Nomination Committee Report	71
Safety, Environmental and Sustainability Committee Report	73
Remuneration Committee Report	75
Directors' Report	90
Statement of Directors' Responsibilities	93
Independent Auditors' Report to the Members of Volex Plc	94





# Board of Directors



**Nathaniel Rothschild**  
Executive Chairman

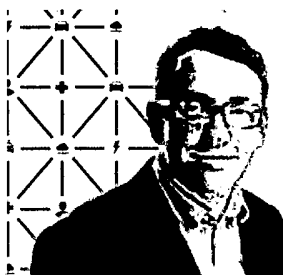


Nathaniel Rothschild joined Volex in 2015 as a Non-Executive Director and quickly became Executive Chairman. Nathaniel has extensive experience in principal investing and corporate finance and has held a significant number of directorships over the years. Through his investment company NR Holdings Ltd, Nathaniel is the largest shareholder in Volex plc.

Nathaniel holds a degree in History from Oxford University and an MSc in Addiction Studies from King's College London. Nathaniel was appointed as a Foundation Fellow of Wadham College, Oxford, in 2018.

## Key areas of expertise:

Sales and marketing, strategic planning and business development in developed and emerging markets.



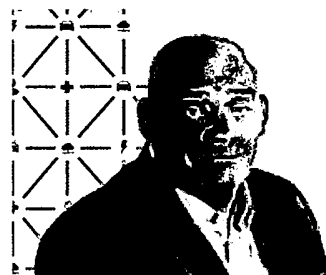
**Jon Boaden**  
Chief Financial Officer

Jon Boaden joined Volex in 2019 as deputy Chief Financial Officer. In November 2020, Jon was promoted to the role of Chief Financial Officer and was also appointed to the Board of Directors. Jon's early career saw him hold a variety of positions within Cable and Wireless and also Vodafone. Prior to joining Volex, Jon held the roles of Group Financial Controller and Interim Chief Financial Officer for Williams Racing.

Jon has a degree in Politics from Manchester University and qualified as a Chartered Accountant with Ernst & Young in 2004.

## Key areas of expertise:

Finance transformation, acquisitions and integration, raising finance, managerial finance experience with leading technology-focused organisations, strategy.



**Dean Moore**  
Senior Non-Executive Director



Dean Moore was appointed to the Board of Directors as a Non-Executive Director on 18 April 2017. Dean is a chartered accountant with extensive public company experience and was previously Chief Financial Officer at Cineworld plc, N Brown Group plc, T&S Stores plc and Graham Group plc and formerly a non-executive Chairman of Tuxedo Money Solutions Limited.

He is currently Senior Independent Director and Chairman of the Remuneration Committee at Cineworld plc, Non-Executive Director and Chairman of the Audit Committee at Griffin Mining Ltd, and a Director and Interim Chief Financial Officer at Dignity plc.

## Key areas of expertise:

Governance, risk management, mergers and acquisitions, managerial finance, strategy.

## Committee Membership:



Audit Committee



Nominations Committee



Remuneration Committee

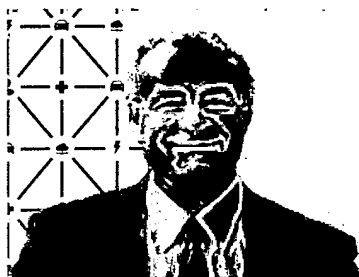


Safety, Environmental and Sustainability Committee



Chair of Committee





**Jeffrey Jackson**  
Non-Executive Director



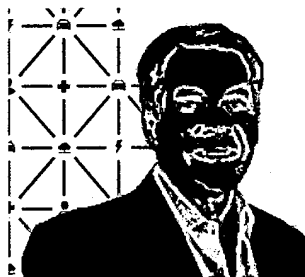
Jeffrey Jackson was appointed as a Non-Executive Director on 30 July 2019.

Jeffrey holds a BA in Cultural Anthropology from Michigan State University and undertook post-graduate business studies at the University of Phoenix. He is professionally credentialled in Supply Chain, Quality and Project Management and has over 30 years' practical experience in sourcing, manufacturing and distribution operations.

Jeffrey is currently working with aerospace manufacturer Meggitt plc as a Program Director, consolidating their global manufacturing facilities, reducing cost and implementing the global manufacturing strategy.

**Key areas of expertise:**

Operations and supply chain management, planning, sourcing, manufacturing and distribution operations in several market segments, including automotive, electronics, aerospace and medical devices.



**Sir Peter Westmacott**  
Non-Executive Director



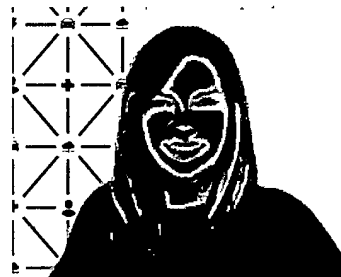
Sir Peter Westmacott was appointed as a Non-Executive Director on 12 November 2020.

Peter retired from the Foreign and Commonwealth Office in 2016. Over a 43-year diplomatic career Peter held a number of high profile positions including being the British Ambassador to Turkey, France and the USA. On retiring from diplomatic service Peter has taken on a number of roles, including as an independent non-executive director at Ernst & Young, We.Soda Ltd and Glasswall Holdings. Peter is a Distinguished Ambassadorial Fellow at the Atlantic Council, a Senior Advisor to Chatham House, Chair of the International Advisory Board of Tikehau Capital and an Advisory Director of Campbell Lutyens Ltd.

Peter has a master's degree in European History and French from New College, Oxford.

**Key areas of expertise:**

Extensive diplomatic experience in countries and regions of strategic relevance.



**Amelia Murillo**  
Non-Executive Director



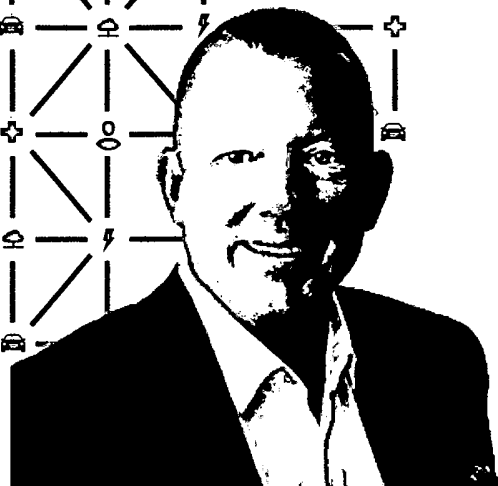
Amelia Murillo was appointed as a Non-Executive Director on 26 January 2021.

Amelia holds a BSc in Accounting from the University of Southern California and an Executive MBA from the University of California in Los Angeles. Amelia is a Certified Public Accountant and has over 20 years' practical experience in finance, administration and management consulting. Amelia is currently Vice President of Finance and CFO for Carlisle Fluid Technologies.

**Key areas of expertise:**

Managerial finance and HR experience within the interconnect industry.

# Executive Chairman's Introduction



Over the last five years, we have doubled the size of the business, enhanced our capabilities and delivered significant growth. While diversification improves resilience, it also increases complexity. This makes good governance all the more important.

60

## ▲ Nathaniel Rothschild Executive Chairman

The strength and resilience we have established at Volex has been evident as we have successfully navigated a challenging manufacturing environment during the year. Having a well-defined strategic plan and focussing on delivering our objectives has allowed us to deliver significant growth and expansion. The strategy of the Group is set by our management team and is controlled by an experienced Board providing valuable insight.

Our Board is focused on promoting the long-term success of the Group, balancing the interests of our various stakeholder groups. Our regular Board meetings create an opportunity to consider a variety of perspectives and benefit from the experience of our Board members as we consider strategic matters. Part of my role as Executive Chairman is to facilitate the discussions to ensure all Board members are able to fully contribute their views and opinions.

Over the last five years, we have doubled the size of the business, enhanced our capabilities and delivered significant growth. While diversification improves resilience, it also increases complexity. This makes good governance all the more important. Across our leadership team, we understand the importance of maintaining high standards of corporate governance. We continue to follow the Quoted Companies Alliance Corporate Governance Code (the 'QCA Code') and we comply with the provisions of the QCA Code, with some exceptions.

Our executive leadership structure includes my position as Executive Chairman. We acknowledge that this is one respect in which we do not fully comply with the requirements of the QCA Code, which recommend a division between the role of Chairman and Chief Executive. However, given the ongoing progress we have made under the current leadership arrangement, the Board believes that it is in the best interests of the Company for it to continue.

Our Corporate Governance Report is set out on pages 62 to 67 and explains how we manage the Group in order to follow the provisions of the QCA Code, as well as corporate and business standards and best practice more generally. It also sets out further details about the activity of the Board and its various Committees during the year.

We believe that effective governance, especially in relation to environmental and social issues, is an essential feature of a well-run business. We have a clear Code of Conduct and all Group employees are expected to maintain these standards in all of their activities, and the Directors seek to set the tone for such behaviour through their own actions. We are proud of our culture and we promote this through the organisation by defining our purpose, vision and values. Our culture, purpose and core values are set out on page 03.

With on-going logistical disruption during FY2022, including in respect of international travel, our Board has continued with its scheduled Board and Committee meetings which have been held remotely via video conference. This continues to be a highly effective and productive approach, and the use of this technology has not in any way prevented robust discussion and effective decision-making.

There have been no changes to the composition of the Board during FY2022. Our regular meetings have provided opportunities to keep the Directors apprised of the success and challenges that we have experienced during the period.

During the year, we undertook an evaluation of the effectiveness of the Board. The evaluation was undertaken through the completion of questionnaires on various aspects of the Board's operation. The results were compared to external benchmarking information to provide an objective assessment of our performance.

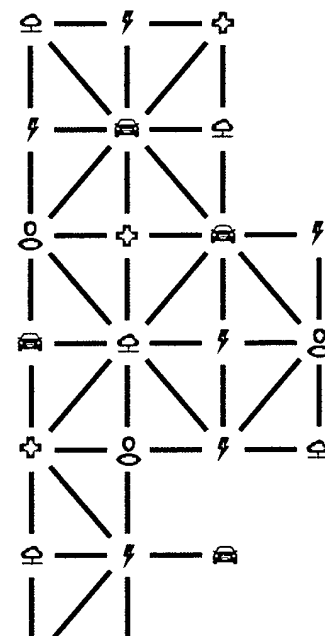
The evaluation considered the role of the Board in value creation, the effectiveness of our meetings, how the organisation manages talent and culture as well as an appraisal of Board composition and the operation of committees. In addition, the evaluation looked at reporting, risk management and the role of the Chairman. The results across all sections of the evaluation were ahead of the external benchmarks. The output of the exercise and areas for improvement will inform the Board development activities we undertake in FY2023.

I am confident in the ability of the Board to take an active role in enriching our strategy in the year ahead. This will include consideration of further investment and acquisition opportunities. These actions support our growth ambitions and allow us to make further progress against the stretching targets we have set out as an organisation.

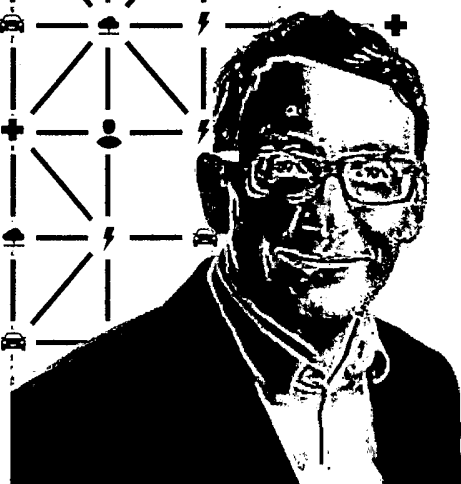


**Nathaniel Rothschild**  
Executive Chairman

23 June 2022



# Corporate Governance Report



Effective corporate governance supports our growth objectives, ensuring we create a sustainable and robust business, operating in accordance with well defined values.

62



**Jon Boaden**  
Chief Financial  
Officer

The Corporate Governance Report sets out how the Group's main corporate governance principles have been applied across all its companies. Volvo plc has taken the provisions of the QCA Corporate Governance Code (the "QCA Code") as its main benchmark for good corporate practice for the year ended 3 April 2022, and from that date up to the date of publication of this Annual Report and Accounts. It has adhered to those provisions other than in the highlighted instances.

The Board seeks not only to ensure that the Company can generate sustainable growth and deliver long-term value for shareholders and other stakeholders but to establish the governance standards, values and strategic aims of the Company. The names, biographical details and dates of appointment of the members of the Board are set out on pages 58 and 59.

The Board provides leadership on these issues and maintains a framework of controls for risk assessment and management. Specific matters are formally reserved for decision-making by the Board and its Committees to ensure a sound system of internal control and risk management.

The Executive Chairman, Nathaniel Rothschild, is responsible for the leadership of the Company and the Board. He is jointly responsible with the Senior Non-Executive Director for creating the right Board dynamics and for ensuring that all important matters, including strategic decisions, receive adequate time and attention at Board meetings. Combining the leadership of the Company with the running of the Board is not the preferred approach in the QCA Code. However, Volvo continues to believe this more focused and streamlined structure is appropriate given the size of the Company, the Board's proven success in growing the business and the independent oversight and support available from the Non-

## Executive Directors.

The Executive Chairman, Chief Financial Officer and Chief Operating Officer are, together, responsible for the day-to-day management of the business, developing corporate strategy, advising the Board and then implementing Board decisions.

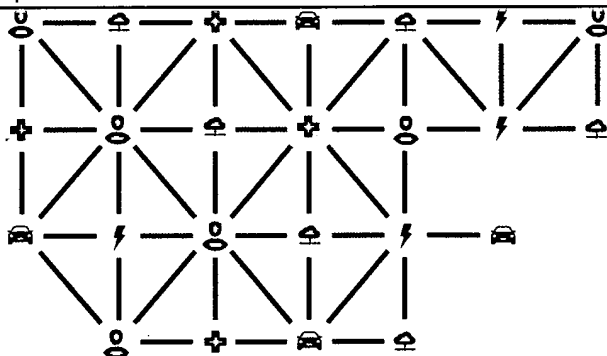
During the year, we appointed a new Group General Counsel and Company Secretary who, from 19 May 2021, took over the duties of Company Secretary. The role reports to the Executive Chairman and Senior Non-Executive Director on governance matters. With support from the Company's Nominated Adviser, the Company Secretary is responsible for keeping the Board up to date on all legislative, regulatory and governance issues, managing the timetable of Board and Committee meetings, advising on Directors' duties and facilitating appropriate information flows between the business and the Board.

There were no changes during the year to the Non-Executive Director appointments, the total number of which is four. With this group of highly experienced Directors, we have established a strong foundation that supports our future growth. Each Non-Executive Director appointment is reviewed every three years and they are responsible for exercising independent and objective judgement to constructively challenge the decisions of executive management and satisfy themselves that the systems of business risk management and internal financial controls are robust. They are expected to spend as much time as is necessary to perform their duties.

### Aligning with the QCA Code

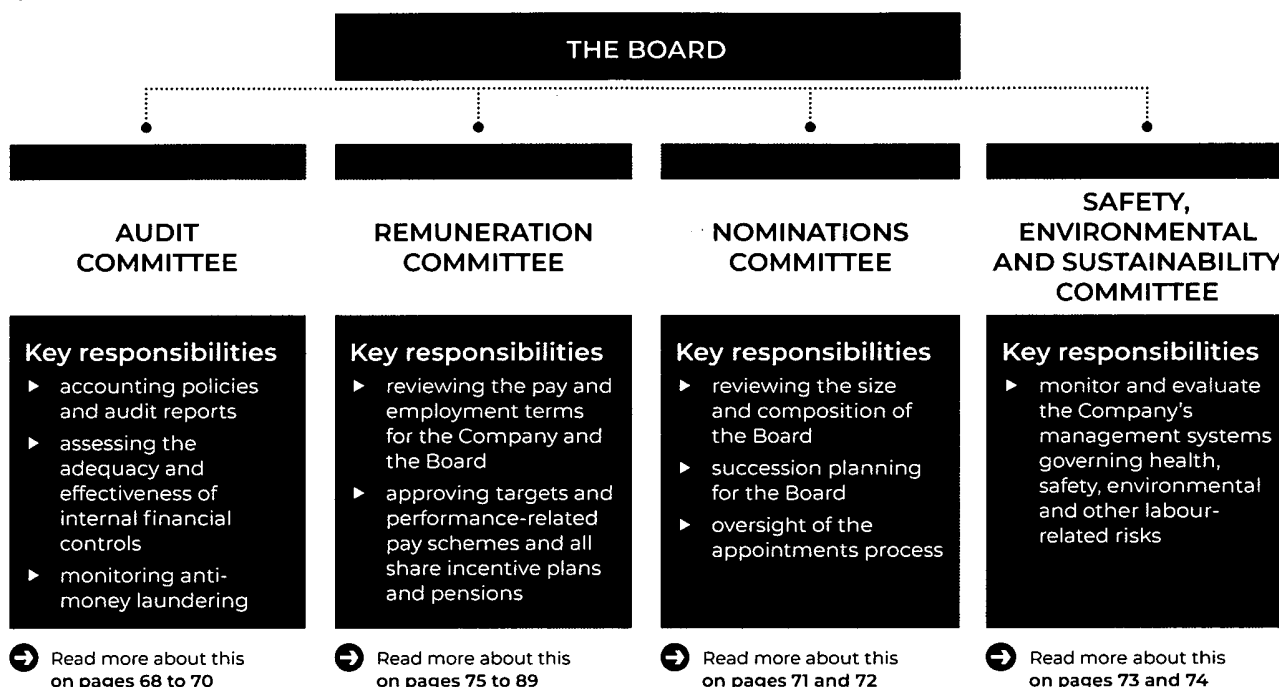
The QCA Code provides a practical framework for corporate governance tailored for companies of our size.

QCA PRINCIPLE	HOW WE COMPLY
Establish a strategy and business model which promote long-term value for shareholder	<p>The Board holds sessions that are focused on corporate strategy, looking at the plans for the Group in the short, medium and long-term.</p> <p>➔ Read more about our <b>Strategy</b> on pages 18 to 21</p>
Seek to understand and meet shareholder needs and expectations	<p>Directors make themselves available to answer shareholder questions and have regular dialogue with investors to understand their expectations.</p> <p>➔ Read more about our <b>Board of Directors</b> on page 58 and 59</p>
Take into account wider stakeholder and social responsibilities and their implications for long-term success	<p>The Board considers the Company's stakeholders, and their needs, interests and expectations, as part of the decision-making process.</p> <p>➔ Read more about our approach to <b>Section 172</b> on page 44</p>
Embed effective risk management, considering both opportunities and threats, throughout the organisation	<p>Risk management is very important and is considered when establishing and reviewing corporate strategy and when making key decisions, and there is a process in place to ensure that risk management and related control systems are effective..</p> <p>➔ Read more about <b>Risk Management</b> on pages 38 to 43</p>
Maintain the board as a well-functioning, balanced team led by the chair	<p>The Board works together effectively to deliver a range of perspectives as well as to form consensus in relation to important decisions.</p> <p>➔ Read more about our <b>Corporate Governance</b> on pages 62 to 67</p>
Ensure that between them the directors have the necessary up-to-date experience, skills and capabilities	<p>There is a broad range of skills and experience available on the Board which supports constructive debates around important matters.</p> <p>➔ Read more about our <b>Board of Directors</b> on pages 58 and 59</p>
Evaluate Board performance based on clear and relevant objectives, seeking continuous improvement	<p>This year, the Board undertook an evaluation of its own performance, assessing a number of important topics, including the Board composition and dynamics.</p> <p>➔ Read more about our <b>Nominations Committee</b> on pages 71 and 72</p>
Promote a corporate culture that is based on ethical values and behaviours	<p>The Board and management advocate integrity and ethical behaviour through their words and actions.</p> <p>➔ Read more about our <b>Culture</b> on page 03</p>
Maintain governance structures and processes that are fit for purpose and support good decision-making by the board	<p>The Company establishes appropriate governance structures and these are reviewed periodically by the Board.</p> <p>➔ Read more about our <b>Corporate Governance</b> on pages 62 to 67</p>
Communicate how the company is governed and is performing by maintaining a dialogue with shareholders and other relevant stakeholders	<p>The Company promotes communication of governance policies.</p> <p>➔ Read more about our <b>Corporate Governance</b> on pages 62 to 67</p>



# Corporate Governance Report

## Governance structure



### Operation of the Board

The Board is responsible for setting the Company's business objectives, oversight of risk, strategic development and effective corporate governance. It holds regular, scheduled meetings throughout the year to review the Company's financial and operational performance and to consider any other matters as appropriate, including potential merger and acquisition opportunities, risk management and shareholder feedback. When issues requiring the attention of the Board arise outside the regular schedule, the Directors will action agreement via minuted ad hoc Board calls or written resolutions.

All the Directors receive comprehensive briefing packs in advance of Board and Committee meetings. They have access to the services of external advisers and can take independent professional advice at the Company's expense if needed.

### Matters reserved for the Board

The Board delegates day-to-day management of the Company to the Executive Directors who, as appropriate, delegate to executive management. However, certain matters are formally reserved for decision by the Board, including:

- ▶ Approval of the annual budget;
- ▶ Approval of the Company's objectives and setting its long-term strategy;
- ▶ Approval of material capital expenditure projects;
- ▶ Approval of acquisitions;
- ▶ Approval of half-yearly reports, trading updates, the preliminary announcement of year-end results and the Annual Report and Accounts;
- ▶ Internal control and risk management; and
- ▶ Material contracts, expenditure and Group borrowings.

### Board focus in FY2022

The main focus this year was to maintain the progress made by the business in recent years while continuing to navigate the impacts of the global pandemic, including handling global supply chain challenges effectively. The Board has focused on ensuring the financial position of the Company is secured while also looking forward to the longer-term strategic options for the Group, including approving a refinancing of the Company with a larger credit facility, approving four acquisitions and identifying potential further acquisitions that could bring additional value. In particular, this year the Board:

- ▶ Monitored the effects on the business from the Covid-19 pandemic and closely tracked infection rates within our workforce;
- ▶ Oversaw the Company's response to global supply chain challenges, including responding dynamically to meet customers' expectations.
- ▶ Monitored inflationary cost pressures, and the Company's ability to pass through increased costs to customers to protect profitability while maintaining competitiveness.
- ▶ Approved the refinancing of the Company and the implementation of an expanded credit facility;
- ▶ Approved the acquisitions of Irvine Electronics, LLC. (USA), Prodamex SA de CV (Mexico), Terminal & Cable TC Inc. (Canada) and inYantra Technologies Pvt Ltd (India).

### Attendance at meetings

The Board met for scheduled discussions eight times during the year, following a timetable set at the start of the year and based around the calendar of key upcoming events for the Company. The four Board Committees met 14 times in total. The size of the Board allows it flexibility to meet at short notice on a more ad hoc basis in response to the needs of the business, and Non-Executive Directors are also encouraged to communicate directly with Executive Directors and executive management between Board meetings.

Directors attended all meetings of the Board and of those Committees of which they are members. Directors' attendance at the Board and Committee meetings during the financial year:

Number of meetings	Full Board (8 meetings)	Audit Committee (4 meetings)	Remuneration Committee (7 meetings)	Nominations Committee (1 meeting)	Safety, Environmental and Sustainability Committee (2 meetings)
<b>Executive Directors</b>					
Nathaniel Rothschild	8/8	–	–	1/1	2/2
Jon Boaden	8/8	–	–	–	–
<b>Non-Executive Directors</b>					
Dean Moore	8/8	4/4	7/7	1/1	–
Jeffrey Jackson	8/8	–	7/7	–	2/2
Sir Peter Westmacott	8/8	–	–	1/1	–
Amelia Murillo	8/8	4/4	7/7	–	–

Representatives from the Internal Audit function and from the Company's external auditors, PwC, usually attend meetings of the Audit Committee.

### Committees of the Board

The Board has delegated certain responsibilities to the following Committees:

- ▶ the Nominations Committee;
- ▶ the Audit Committee;
- ▶ the Remuneration Committee; and
- ▶ the Safety, Environmental and Sustainability Committee.

Each of the above Committees operates under defined terms of reference, which are available on the Company's website. To ensure independent oversight of the audit and remuneration functions, only the Company's independent Non-Executive Directors serve on those Committees. Nathaniel Rothschild sits on both the Nominations Committee and the Safety, Environmental and Sustainability Committee, but both are chaired by a Non-Executive Director. The Company Secretary acts as secretary to each Committee, other than the Safety, Environmental and Sustainability Committee, where the Group HR Director acts as secretary.

#### Nominations Committee

The members of the Nominations Committee are Sir Peter Westmacott (Chairman), Nathaniel Rothschild and Dean Moore.

The Committee met once during the year.

The Committee is responsible for reviewing the size and composition of the Board – including whether the balance of Executive Directors and Non-Executive Directors continues to be appropriate – succession planning and recommending suitable candidates for membership of the Board when such posts arise. In appointing a new Board member, the Committee evaluates the balance

of skills, knowledge and experience of the Board and prepares a clear description of the role and the capabilities and strengths required to fulfil a particular appointment.

Details of the Nominations Committee's activities are contained in the Nominations Committee Report on pages 71 and 72.

#### Audit Committee

The members of the Audit Committee are Dean Moore (Chairman) and Amelia Murillo.

The Committee met four times during the year.

The Committee is responsible for monitoring the integrity of the Company's financial statements, including its annual and half-yearly results, as well as for keeping the Company's internal controls under review and overseeing the relationship with the external auditors.

Details of the Committee's activities are contained in the Audit Committee Report on pages 68 to 70.

#### Remuneration Committee

The members of the Remuneration Committee are Amelia Murillo (Chair), Dean Moore and Jeffrey Jackson.

The Committee met seven times during the year.

The Committee is charged with determining and agreeing the remuneration of the Executive Directors as well as recommending and monitoring the structure of remuneration for senior management and approving grants under the Company's share incentive scheme.

Details of the Committee's activities are contained in the Remuneration Committee Report on pages 75 to 89.

# Corporate Governance Report

## Safety, Environmental and Sustainability Committee

The members of the Safety, Environmental and Sustainability Committee are Jeffrey Jackson (Chairman) and Nathaniel Rothschild. The Group HR Director acts as the secretary to the Committee.

The Committee met two times during the year.

The Committee aims to ensure appropriate governance is applied to the management of health and safety within the Group. It monitors the effectiveness of controls relating to health, safety and environmental risks, and monitors the overall compliance around labour-related risks within the business. With its expanded scope the Committee will also ensure oversight to the development of a sustainability roadmap for the business.

Details of the Committee's activities are contained in the Safety, Environmental and Sustainability Committee Report on pages 73 and 74.

## Board effectiveness

### Composition, independence and diversity on the Board

The Board comprises the Executive Chairman, the Chief Financial Officer and four Non-Executive Directors, such that the QCA Code requirement for at least two independent Non-Executive Directors has been met. Jeffrey Jackson, Dean Moore, Amelia Murillo and Sir Peter Westmacott are considered by the Board to be independent, as is required by the QCA Code, of management and free from any business or other relationship that could materially interfere with the exercise of their judgement.

Our Board comprises an executive leadership team with extensive commercial knowledge, supported by experienced Non-Executive Directors who bring strong governance disciplines and a valuable external perspective to our business.

The Company embraces diversity and is dedicated to encouraging inclusion. The Board membership comprises of individuals who have a wide range of diverse experience and skills and each bring a unique perspective to debate at Board level.

### Board Diversity

The Board recognises the importance of diversity in the Company and is committed to promoting diversity throughout the organisation at all levels. Further information on our diversity, including with respect to the total female representation in our workforce, is provided in the 'Social Impact' section of the Sustainability Report on pages 51 to 53.

Executive Directors are expected to attend all meetings of the Board, and of the Committees on which they sit, and to devote sufficient time to the Group's affairs to enable them to fulfil their duties as Directors. Details of the time commitment expected of each Non-Executive Director are included in their letters of appointment.

### Re-election of Directors

Directors are elected by shareholders at the first Annual General Meeting after any appointment by the Board and, thereafter, may offer themselves up for re-election by shareholders at regular intervals

and in any event at least once every three years. Nathaniel Rothschild will be offered for re-election this year as it will be three years since he was last re-elected, and Jeffrey Jackson will also be offered for re-election as it will be three years since he was elected to the Board.

## Conflicts of interest

Under the Companies Act 2006, a Director must avoid a situation where a direct or indirect conflict of interest may occur and procedures are in place to manage any circumstance where a conflict may be perceived. The Company's Articles of Association prevent Directors from voting on issues where they have, or may have, a conflict of interest, other than in exceptional and specific circumstances.

## Performance evaluation

The Non-Executive Directors have the opportunity to meet separately with the Executive Chairman and the Chief Financial Officer during the year to discuss Board member performance.

In addition, all Board members took part in a Board performance evaluation review, covering a number of important topics. The results of the review, which were considered in detail by the Directors, show a well-structured and effective Board. The Board recognises that a robust performance evaluation is important to maximise Board effectiveness. Further information on the Board performance evaluation is provided in the Nominations Committee report on pages 71 and 72.

## Development

All new Directors receive an induction programme tailored to their background and experience, organised by the Company Secretary and the Company's Nominated Adviser. In addition, all Directors are informed of changes to relevant legislation or regulations and receive updates and briefings on areas such as Directors' duties and corporate governance guidelines and best practice.

Individual Directors, with the support of the Company Secretary, are also expected to take responsibility for identifying their own training needs and to ensure that they are adequately informed about the Group and their responsibilities as a Director.

## Accountability for financial reporting

The Board is responsible for presenting a fair, balanced and understandable assessment of the Company. The Company has a comprehensive annual budgeting process, to which all its global subsidiary entities contribute directly and which culminates in formal approval of the annual budget by the Board. Regular forecasts and updates on financial performance are presented to the Board during the year. The reasons why the Directors continue to adopt the going concern basis for preparing the financial statements are given in the Directors' Report on page 91.

## Internal controls and risk management

The Board has overall responsibility for the Group's system of internal control and risk management, which is designed to identify, evaluate and control the significant risks associated with delivering



the Group's strategy with a view to safeguarding shareholders' investments and the Group's assets. During the year, a number of improvements were implemented in relation to the way that the Internal Audit function operates. In addition, the compliance hotline process was re-launched to ensure that all employees have a confidential route to report concerns in relation to ethics, conduct and compliance.

An ongoing process for identifying, evaluating and managing the significant risks faced by the Group has been in place for the year up to and including the date of approval of this report, based on a combination of site-by-site risk reporting to create individual risk registers and an annual risk survey of all senior management across the Group. Read more about Volex's risk management processes and outcomes in the Risk Management section of the Strategic Report on pages 38 to 43.

### Key features of the Company's system of internal controls

Key elements of the Company's system of internal controls which have operated throughout the year are:

- ▶ A system of regular reports from management setting out key performance and risk indicators;
- ▶ Rigorous short-term management and forecasting of cash flow;
- ▶ A schedule of specific, key matters reserved for decision by the Board;
- ▶ A framework for reporting and escalating matters of significance;
- ▶ Group-wide procedures, policies and standards which incorporate statements of required behaviour;
- ▶ Continuous review of operating performance and monitoring of monthly results against annual budgets, and periodic forecasts;
- ▶ Risk-based reviews of sites and/or business processes, with observations and recommendations to improve controls being reported to management to ensure timely action, with oversight provided by the Audit Committee; and
- ▶ A process and policy for employees to raise concerns and regular reports to the Audit Committee of all material disclosures made, the results of investigations and actions taken.

Through its risk-management process and the review of effectiveness of the system of internal controls, the Board believes the control environment is adequate for a group the size of Volex.

### Relations with shareholders

The Board is responsible for effectively engaging with shareholders. The Board achieves this through regular dialogue with brokers, analysts and shareholders themselves, with the Executive Chairman and Chief Financial Officer taking a lead in those relationships.

The Board takes steps to understand the views of major shareholders of the Company, including through receiving feedback from any shareholder meetings and through analyst/broker briefings. The Board takes account of the corporate governance guidelines of institutional shareholders and their representative bodies such as the Investment Association and the Pensions and Lifetime Savings Association. The Executive Chairman and Chief Financial Officer are available to meet with major and prospective shareholders. The Non-Executive Directors are available to attend shareholder meetings as necessary.

### Annual General Meeting ('AGM')

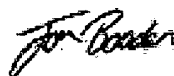
The Notice of AGM will be dispatched to shareholders, together with explanatory notes or a circular on items of special business, at least 21 clear days before the meeting. Separate resolutions will be proposed on each substantive issue, including a resolution relating to the Annual Report and Accounts.

The Non-Executive Directors will, with the other Directors, be available to answer shareholders' questions. The Board welcomes questions from shareholders, and they will have the opportunity to raise issues before or after the meeting if circumstances prevent active attendance.

For each resolution, the proxy appointment forms provide shareholders with the option to direct their proxy vote either for or against the resolution, or to withhold their vote. As with last year, we will be encouraging shareholders to switch to paperless voting.

The Company will ensure that the proxy form and any announcement of the results of a vote will make it clear that a 'vote withheld' is not a vote in law and will not be counted in the calculation of the proportion of the votes for and against the resolution.

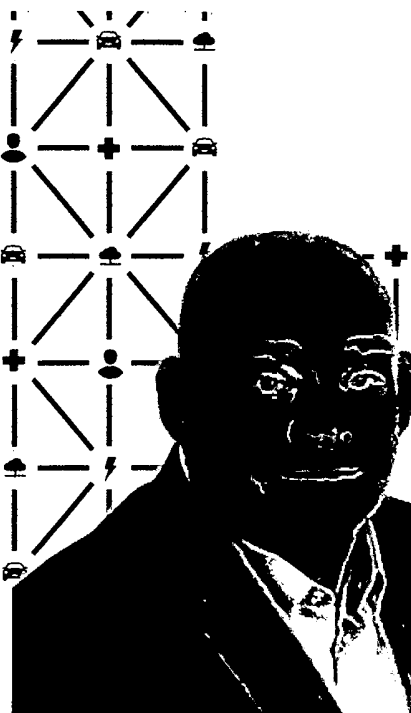
All valid proxy appointments are properly recorded and counted. For each resolution, after the vote has been taken, information on the number of proxy votes for and against the resolution, and the number of shares in respect of which the vote was withheld, are given at the meeting and are made available on the Company's website at [www.volex.com](http://www.volex.com).



**Jon Boaden**  
Chief Financial Officer

23 June 2022

# Audit Committee Report



The Audit Committee has an important role to play in the oversight of the Group's systems of internal control and risk management.

68

## Dean Moore Chairman of the Audit Committee

I am pleased to present this year's report on the activity of the Vollex Audit Committee during the course of another successful year for the Company. During the year, the Committee has undertaken its regular work of reviewing the Group's financial systems and controls and its published financial statements, assessing the accounting judgements being made, and liaising with the external auditors, PricewaterhouseCoopers ('PwC'). The Committee has received and discussed the usual regular updates from the Group Finance team, PwC representatives and the Internal Audit function, during the year. In FY2021, we completed a review of the Internal Audit function with input from specialists from a global accountancy firm. The review suggested a number of recommendations to improve the process. The implementation of these changes began in FY2022.

As the Group grows through acquisition and investment, the Group Finance and Legal functions continue to review and update Company policies and procedures to ensure they remain up to date and fit for purpose. The Committee will continue to oversee and coordinate that work, and to report and make any necessary recommendations on matters within its area of responsibility to the full Board.

### Key objectives

The Committee establishes and oversees the Group's systems of internal control and risk management, monitors the integrity of financial information published externally for use by shareholders, and ensures the integrity of the financial statements is supported by an effective external audit.

### Composition of the Audit Committee

The members of the Audit Committee were:

COMMITTEE MEMBER	DATE OF APPOINTMENT
Dean Moore (Chair)	18 April 2017
Amelia Murillo	26 January 2021

Appointments are for a period of three years and are extendable by no more than two additional three-year terms. The Committee must consist of at least two members, all of whom should

be independent Non-Executive Directors. All current Committee members are independent Non-Executive Directors and all have the appropriate range of financial, commercial and risk-management experience to fulfil their duties. The Audit Committee Chairman has recent and relevant financial experience, in line with the QCA Corporate Governance Code and Committee terms of reference. Biographical details are set out on pages 58 and 59.

### Meetings

The Audit Committee met four times in the year, with the meetings and agendas linked to events in the Group's financial calendar. The Audit Committee invites the Group Chief Financial Officer, senior representatives of the external auditors and internal audit co-source provider and other staff to attend its meetings as required. It reserves the right to request any of these individuals to withdraw for specific items of discussion.

### Governance

The Audit Committee's terms of reference can be found on the Vollex website.

The Committee is responsible for:

- ▶ Monitoring the integrity of the Group's financial statements and any other formal announcements relating to the Group's financial performance, and reviewing significant financial reporting judgements contained in them;
- ▶ Reporting to the Board on the processes in place to confirm that the Annual Report and Accounts, when taken as a whole, are fair, balanced and understandable and contain the information necessary to allow shareholders to assess the Group's performance, business model and strategy;
- ▶ Reviewing and challenging where necessary the appropriateness of accounting policies and the manner in which they are applied across the Group;
- ▶ Reviewing the Group's internal financial controls and the Group's internal risk-management systems;

- ▶ Monitoring and reviewing the effectiveness of the Group's Internal Audit function in the context of the Group's overall risk-management system;
- ▶ Reviewing the Group's procedures for detecting and responding to fraud and bribery and for handling allegations made by employees with respect to financial malpractice or other forms of whistleblowing, and oversight of any and all reports on such incidents; and
- ▶ Oversight of the relationship with the external auditors, including, where appropriate, the recommendation of appointment or reappointment of the external auditors.

The Audit Committee reports its findings to the Board, identifying any matters on which it considers that action or improvement is needed, and makes recommendations on the steps to be taken.

## Main activities of the Committee during the year

### Financial reporting

The primary role of the Audit Committee in relation to financial reporting is to review with both management and the external auditors, PwC, the appropriateness of the half-year and annual financial statements, concentrating on, among other matters:

- ▶ The quality and acceptability of accounting policies and practices;
- ▶ The clarity of the disclosures and compliance with financial reporting standards and relevant governance reporting requirements;
- ▶ Material areas in which significant judgements or estimates have been applied or there has been discussion with PwC; and
- ▶ The processes to ensure that the Annual Report and Accounts, taken as a whole, are fair, balanced and understandable and provide the information necessary for shareholders.

To aid its review, the Committee considers reports from the Chief Financial Officer, from the Internal Audit function and from the external auditors. Following its review of the Annual Report and Accounts, the Committee challenges management on the content to ensure that the report as a whole is fair, balanced and understandable.

The Committee has reviewed the paper on the critical judgements and estimates outlined in note 2 to the financial statements on pages 114 and 115. The primary areas of judgement estimates considered and discussed by the Committee in relation to the FY2022 financial statements and how these have been addressed are listed below.

**Going concern** – The Committee reviewed the Group's budget and trading position, the potential impact of possible future disruption, including further challenges due to Covid-19, and considered its compliance with banking facility covenants. The Committee has concluded that the financial statements should continue to be prepared on a going concern basis.

**Adjusting items** – Management has presented a breakdown of adjusting items, and explanations as to why they should be categorised as such. The Audit Committee has reviewed and discussed this analysis with management. Details are shown in note 4 on page 117. Adjusting items during the year amounted to \$10.8 million (FY2021: \$5.6 million).

**Inventory provisions** – The Committee reviewed the level of provision held against inventory in conjunction with the Group's provisioning policy, the ageing of the stock and forecast future demand. Management review inventory provisions regularly and the reviews require the use of judgements and estimates. The Committee believes the provision is reasonable.

**Accounting for business combinations** – The Committee reviewed the principal assumptions and judgements applied in accounting for business combinations that occurred during the year.

### Internal control, risk and compliance

The Audit Committee is required to assist the Board in its annual assessment of the effectiveness of the Volex risk management and internal control systems. To fulfil these duties, the Committee reviewed:

- ▶ The results of the annual Certificate of Compliance exercise and survey, involving all senior personnel in the organisation;
- ▶ The reports issued during the year by Internal Audit following their risk-based review of sites and processes;
- ▶ The annual risk survey conducted among the executive team and other senior management; and
- ▶ Investigations performed in the event of whistleblowing, control breakdowns or fraud issues.

Details of our internal controls and risk management systems including controls over the financial reporting process can be found on pages 66 and 67 in the Corporate Governance Report with our risk factors in full in the Strategic report on pages 38 to 43.

### Internal audit

The Audit Committee is responsible for ensuring the adequacy of resourcing and plans for the Internal Audit function.

To fulfil these duties, the Committee:

- ▶ Establishes the function's terms of reference, reporting lines and access to the Audit Committee;
- ▶ Approves the appointment and removal of the Internal Auditor;
- ▶ Reviews and assesses the annual internal audit plan in the context of the Group's overall risk management system; and
- ▶ Reviews promptly the internal audit reports produced from the site/process reviews and monitors management's responsiveness to the findings and recommendations included therein.

# Audit Committee Report

A comprehensive review of the Internal Audit function and approach was undertaken in FY2021. This involved external consultants who are specialists in this area. The review resulted in a number of recommendations and the creation of a plan to develop and enhance the role of internal audit in future years. The implementation of this plan commenced in FY2022.

During the year, internal audit reviews took place at four production sites, conducting an assessment of key control procedures. In addition, there was a review of the information technology general control environment. No serious issues for concern were raised and a number of improvements were identified which management have committed to implement.

The Group's "Speak Up" Policy contains arrangements for the Audit Committee to review all complaints in confidence.

## External audit

The Audit Committee is responsible for the monitoring of the independence, objectivity and compliance with ethical and regulatory requirements of the external auditors. Details of the total remuneration for the auditors for the year can be found in note 8 on page 119 of the consolidated financial statements.

The auditors' independence and objectivity are safeguarded by limiting the value and nature of external services provided by the auditors. The Group also has a policy of not recruiting employees of the external auditors who have worked on the audit in the last two years to senior positions in the Group. There is a rotation policy for the lead engagement partner and, as part of this policy, the lead engagement partner changed at the beginning of FY2022.

## Non-audit services provided by the auditors

The Audit Committee maintains a non-audit services policy which sets out the categories of non-audit services that the external auditors will and will not be allowed to provide to the Group, including those that are pre-approved by the Audit Committee and those that require specific approval before they are contracted for, subject to de minimis levels.

There were no non-audit fees during the year (FY2021: \$171,000).

## Audit tender

The Audit Committee considers the reappointment of the external auditors each year. PwC have been the Group's auditors since their appointment on 4 April 2010 following a tender process. There are no contractual obligations that restrict the Committee's choice of external auditors.

To fulfil its responsibility regarding the independence and effectiveness of the external auditors, the Audit Committee:

- ▶ Reviewed the external auditors' plan for the current year and agreed the scope of the audit work to be performed;
- ▶ Agreed the fees to be paid to PwC for their audit of the 2022 financial statements and other non-audit fees;
- ▶ Reviewed a report from PwC describing their arrangements to identify, report and manage any conflicts of interest and confirming the basis of their independence;
- ▶ Assessed PwC's fulfilment of the agreed audit plan and any variations from that plan; and
- ▶ Assessed the robustness and perceptiveness of PwC in their handling of the key accounting and audit judgements.

The Audit Committee, having considered the length of PwC's audit tenure and the results of the above, continues to consider PwC to be independent and therefore has provided the Board with its recommendation that PwC be reappointed as external auditors for the 52 weeks ending 2 April 2023.

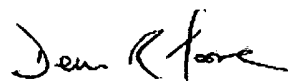
This will continue to be assessed on an annual basis in light of any guidance on external audit tendering.

## Summary

As a result of its work during the year, the Audit Committee has concluded that it has acted in accordance with its terms of reference and has ensured the independence and objectivity of the external auditors.

We would welcome feedback from shareholders on this report.

On behalf of the Audit Committee

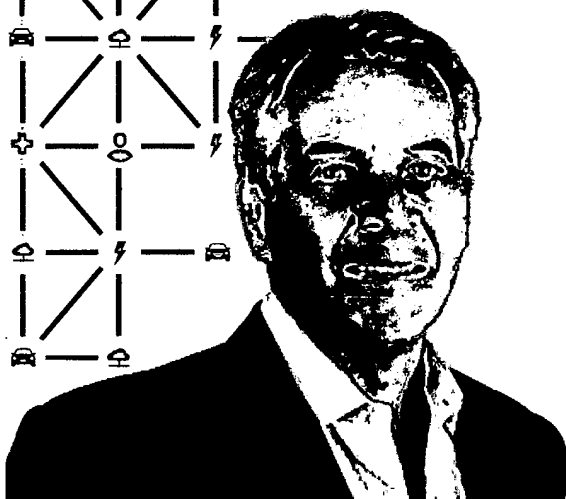


**Dean Moore**

Chairman of the Audit Committee

23 June 2022

# Nominations Committee Report



The results of the Board review, which were considered in detail by the Directors, show a well-structured, dynamic and effective Board.

I am pleased to present the Nominations Committee report for the year ended 3 April 2022.

During the year, the Nominations Committee has successfully carried out its primary purpose of reviewing the structure, size and composition of the Board, including:

- ▶ Reviewing whether the balance of Executive Directors and Non-Executive Directors continues to be appropriate; and
- ▶ Giving consideration to succession planning.

This year, the Nominations Committee carried out a board effectiveness review using a third party digital Board evaluation platform. All of the members of the Board participated in the review and the results were shared with, and considered by, the Board.

## Composition of the Nominations Committee

The members of the Nominations Committee are myself (as Chair), Dean Moore and Nathaniel Rothschild.

Appointments are for a period of three years. On expiry of the term, the Director may have his or her term extended for an additional period in circumstances where the Director meets the relevant membership criteria. The Committee shall consist of at least three members, including two independent Non-Executive Directors of the Board. As such, two-thirds (66%) of the current Committee are independent (myself and Dean Moore).

## Meetings

The Nominations Committee met once in the year. The Nominations Committee invites other staff to attend its meetings as required, although it reserves the right to request any of these individuals to withdraw for specific items of discussion.

## Governance

The Nominations Committee's Terms of Reference can be found on the Volex website.

The Committee's responsibilities include:

- ▶ Reviewing the Board structure, size and composition (including the skills, knowledge, experience and diversity of the Board) and making recommendations to the Board with regard to any adjustments that are deemed necessary;
- ▶ Giving full consideration to succession planning for Directors and other senior executives, taking into account the challenges and opportunities facing the Company, and what skills and expertise are needed on the Board in the future and ensuring plans are in place for orderly succession;
- ▶ Keeping under review the leadership needs of the organisation, both executive and non-executive, with a view to ensuring the continued ability of the organisation to compete in the marketplace;
- ▶ Identifying and nominating for approval of the Board candidates to fill Board vacancies (as necessary);
- ▶ Before making a Board appointment, evaluating the balance of skills, knowledge, experience and diversity on the Board and, in light of this evaluation, preparing a description of the role and capabilities required for a particular appointment and the time commitment required;
- ▶ Prior to the appointment of a Director, requiring the proposed appointee to disclose (i) any other business interests that may result in a conflict of interest and to report any future business interests that could result in a conflict of interest, and (ii) any significant commitments, with an indication of the time involved;
- ▶ Reviewing the time commitment of Non-Executive Directors and, where necessary, assessing (through performance evaluation) fulfilment of their duties;

▲  
**Sir Peter Westmacott**  
Chair of the  
Nominations  
Committee

# Nominations Committee Report

- ▶ Reviewing the results of the Board performance evaluation process that relate to the composition of the Board and succession planning;
- ▶ Keeping under regular review any authorisations granted by the Board in connection with a Director's conflict of interest.

The Nominations Committee reports its findings to the Board, identifying any matters on which it considers that action or improvement is needed, and makes recommendations on the steps to be taken.

## Main activities of the Nominations Committee during the year

This year, the Nominations Committee initiated a Board performance evaluation process, covering a number of important topics. All of the members of the Board took part. Overall, the Board scored consistently well, as the following table demonstrates:

TOPIC	VOLEX SCORE (OUT OF 100)	BENCHMARK (OUT OF 100)
Value creation and strategy	92	80
Board agenda and meetings	89	78
Talent and culture	87	74
Board composition and dynamics	97	82
Chair	98	87
Information, reporting, and risk management	90	78
Our committees	91	79

The results of the Board review, which were considered in detail by the Directors, show a well-structured, dynamic and effective Board - with an overall result of 92/100 which compares favourably to the benchmark of 83/100, putting the Volex Board in the top 5% of respondents.

The review's strategic index, which measures strategic aspects such as Board competence, agility, alignment and time allocation scored 94/100, against the benchmark of 83/100.

The ESG index, which measures ESG aspects such as culture, diversity, transparency, innovation and sustainable value creation, scored 85/100 which also compares well to the benchmark of 70/100.

In addition to evaluating Board performance, long-term succession planning continued to be an important area of consideration this year. Last year, the implementation of succession planning for the Chief Financial Officer role was high on the Committee's agenda with Jon Boaden, who joined the business in April 2019 as Deputy Chief

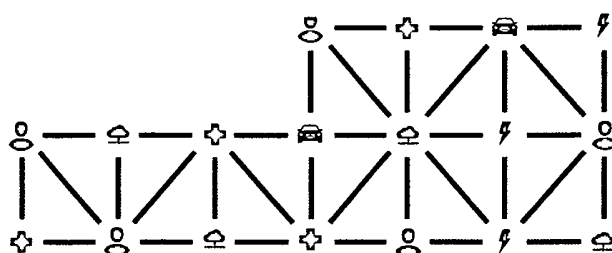
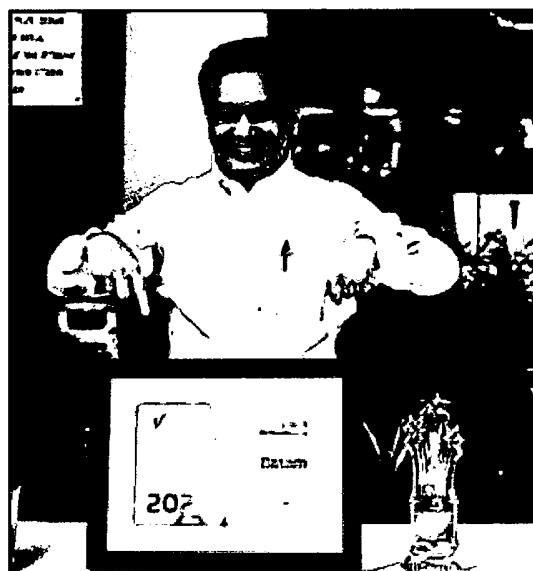
Financial Officer, being welcomed to the Board and promoted to the role of Chief Financial Officer. Jon continues to play a pivotal role in the significant growth and development of the Group's business and is a well-respected leader within the organisation. This year, long-term succession planning options for key roles in the organisation continued to be assessed, together with plans for orderly succession if required.

On behalf of the Nominations Committee

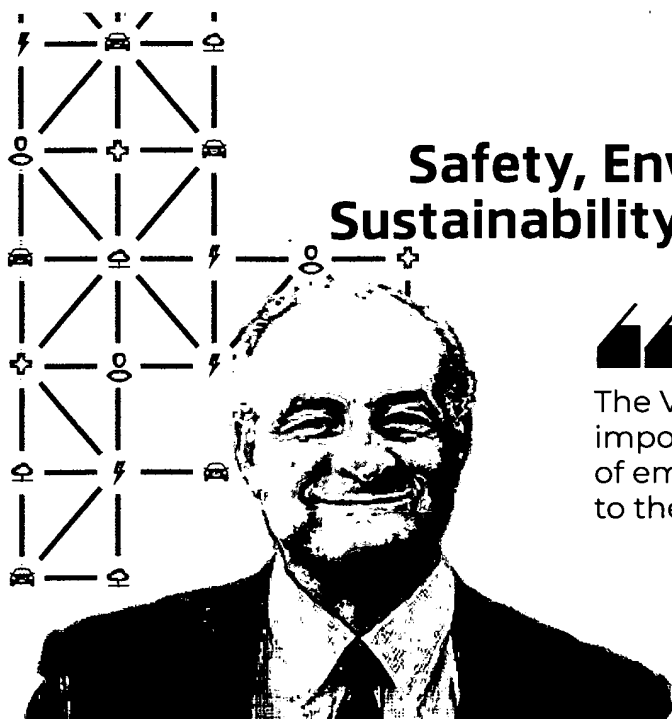
*Peter Westmacott*

Sir Peter Westmacott  
Chair of the Nominations Committee

23 June 2022



# Safety, Environmental and Sustainability Committee Report



The Volex labour force being our most important asset, the health and safety of employees is of primary importance to the Board.

I am pleased to report on the work of the Volex Safety, Environmental and Sustainability Committee. This committee was established in 2019 to improve the Board's oversight of issues relating to health and safety and the wider environmental performance of the Group. In 2021 we expanded the scope of this Committee to provide oversight to the broader topic of sustainability and the Committee was renamed accordingly.

As a Committee our aim is to sharpen the Group's focus on these important issues and to provide an effective channel for relevant information to feed into the Board. Not only does Volex want to ensure it adheres to best practices wherever possible, but we also want to provide a safe and productive working environment for our employees. Increasingly our customers want verifiable assurances from their suppliers and business partners on a broad range of environmental, social and governance related matters. During the year we have made good progress in the development of a long term roadmap for sustainability for the business.

## Objectives

The key aims of the Committee are to ensure that:

- ▶ The Volex management team operates an effective system to control health, safety and environmental risks as well as labour related risks including those of direct relevance to the industry standards defined by the Responsible Business Alliance;
- ▶ The Volex Board has a view of current performance and trend information for health, safety, environmental and other sustainability-related performance indicators across the Group and all of its subsidiaries; and
- ▶ The Group establishes and maintains an effective management system to control health, safety, environmental and labour-related risks.

As with the other Board Committees, the Safety, Environmental and Sustainability Committee reports its findings to the full Board, identifying any matters on which it considers that action or improvement is needed, and makes recommendations on the steps to be taken. The

Committee shall consist of at least two members, including one independent Non-Executive Director of the Board. As such 50% of the current Committee is independent (myself).

The members of the Safety, Environmental and Sustainability Committee were:

COMMITTEE MEMBER	DATE OF APPOINTMENT
Nathaniel Rothschild	15 October 2019
Jeffrey Jackson (Chair)	15 October 2019
Alan Taylor (Secretary)	15 October 2019

## Meetings and Activities

The Committee met formally two times (November and March) during FY2022 and received regular updates on the impact of Covid-19 on the workforce and on the Group's health and safety performance from the Group HR Director. This is in line with our intention that the Committee will meet at least annually.

The main activities undertaken by the Committee during the year were:

- ▶ Oversight of the Company's Covid-19 response
- ▶ Review of the approach being taken by the Group to improve performance in the areas of health, safety, environment and labour-related risks.
- ▶ Review and approval of the Company's emerging sustainability strategy and its factory sustainability framework.

With the continuation of the Covid-19 pandemic the management team's focus continued to be on containing Covid-19 and limiting the consequences of this virus on our workforce. Our focus was on prioritising vaccination programmes particularly in our larger sites whilst maintaining health prevention regimes (such as wearing of masks and daily temperature checks) throughout the year even after local authorities had relaxed local controls.



**Jeffrey Jackson**  
Safety, Environmental and Sustainability Committee Report

# Safety, Environmental and Sustainability Committee Report

A primary focus for the Committee this year has been to establish a strategic roadmap for Sustainability. With the implementation of the Volex Sustainability Reporting System (V-SRS) the Company now has access to a comprehensive set of performance indicators to track our progress. Our approach to Sustainability is set out on pages 46 and 47 within the Sustainability Section of this year's Annual Report.

With our growth strategy seeing new companies join the Volex family, we saw the challenges of this on our health and safety performance during the year. At the year end we are reporting an accident frequency rate of 3.2 lost time accidents per million hours worked or 0.6 accidents per 200,000 worked hours. This shows a clear increase on the previous year. We had 29 lost time accidents during the year, 43% of these were caused by employees coming into contact with moving machinery.

FY2022 was the first year since 2019 that the number of lost time accidents increased compared to the prior year. 50% of our lost time accidents in the year were within the two factories that we acquired in Turkey in FY2021. Our management's focus has been to provide close support and frequent visits to these two sites to ensure we can quickly correct the issues in these sites that are contributing to the higher number of accidents.

The increase in absolute numbers of accidents needs to be interpreted within the following context. In FY2022 we have added four factories and over 900 new employees through our acquisition strategy. Excluding recent acquisitions such as DE-KA we achieved a 50% reduction year on year in terms of the number of lost time accidents. The two DE-KA sites achieved a 22% reduction in the number of lost time accidents compared to their previous year.

51% of our workforce work within an OHSAS or ISO45001 accredited site and I would expect to see this number increase year on year.

In FY2021 we launched the Volex Site Excellence Award programme with one of the categories being safety. With more sites in the group each year the competition becomes more difficult to win. In FY2022 the site recognised for the best performance for Safety was our Henggang site located in South China given their success in building a safety culture in their site. This site was once one of the most challenged sites but through team work and a systematic kaizen culture they have been able to transform their safety performance. It was also very pleasing to see our Hanoi site in Vietnam achieve 3,000 days without a lost time accident for which they received a Runner Up Award in the 2022 Site Excellence Awards.

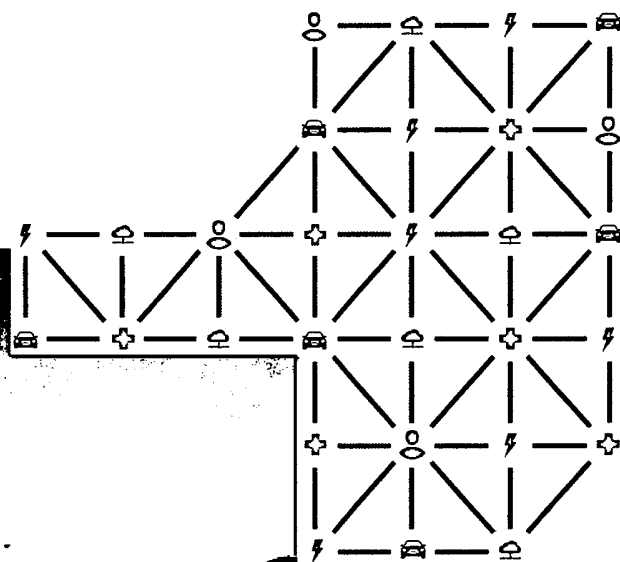
For the coming year, I look forward to ensuring the Group maintains and further improves on its record in this regard.

On behalf of the Safety, Environmental and Sustainability Committee



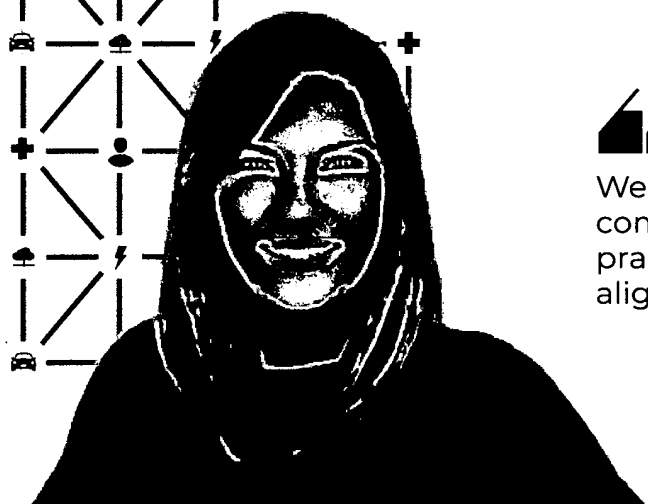
**Jeffrey Jackson**  
Chair of the Safety, Environmental and Sustainability Committee

23 June 2022





# Remuneration Committee Report



We are continuously striving for a fair and competitive remuneration policy and practice that incentivises performance aligned to our shareholder's interests.

75

## Annual Statement

### Overview from the Chair of the Remuneration Committee

I am pleased to introduce the Remuneration Report for the year ended 3 April 2022, which includes my statement as Remuneration Committee Chair, the Directors' Remuneration Policy and the Annual Report on Remuneration for the year.

### Composition of the Remuneration Committee

The members of the Remuneration Committee were:

COMMITTEE MEMBER	DATE OF APPOINTMENT
Amelia Murillo (Chair)	26 January 2021
Dean Moore	18 April 2017
Jeffrey Jackson	18 March 2021

Appointments are for a period of three years and are extendable by no more than two additional three-year terms. The Committee must consist of at least two members, all of whom should be independent Non-Executive Directors. 100% of the Committee's members are independent.

The Terms of Reference for the Committee (which are available on Volex's website) provide that the Committee must consist of at least two members, all of whom shall be independent Non-Executive Directors. Appointments to the Committee shall be for a period of up to three years, which may be extended for two further three-year periods, provided the director remains independent and still meets the criteria for membership of the Committee. All three members of the current Committee are independent Non-Executive Directors and have the appropriate range of experience to fulfil its duties.

### Overview

FY2022 was a year in which the Company continued to demonstrate its resilience as the disruptive effects of the global pandemic continued to be felt around the world. Other significant geopolitical and economic factors

which emerged during the year brought further challenges to the Company. Despite these external factors the business has performed well and we are pleased to report that the Company has exceeded the underlying operating profit target that we set out in last year's Annual Report. The Company has not met its free cash flow target for the year. The Management team decided to manage its cash flow to support our customers with a higher level of inventory than we had planned. Cash was also reinvested into the business to make strategic investments in equipment and people to support the business's priorities during the year. The Board and I commend the management team for prioritising company objectives so as to steer the business safely through the last 12 months.

The targets were challenging, and the strong underlying profit performance reflects the achievements of the Group over the year. Having reviewed this performance the Committee determined that bonuses of 56% of salary for the Executive Chairman and 56% of salary for the CFO were appropriate. The Remuneration Committee has applied the bonus deferral policy (whereby two-thirds of any bonus above 25% of annual salary is deferred into Volex shares) and therefore 37% of the Executive Directors' bonuses have been deferred into Volex shares, and will vest after one year.

In FY2023, Executive Directors will continue to have the opportunity to earn up to 100% of annual salary under the annual bonus plan. We have maintained the emphasis on the quantitative financial targets. However in light of the evolution of our strategic plan we have reviewed our bonus structure with the support of our remuneration advisors resulting in changes to the financial metrics to be used for the bonus plans in FY2023.

We continue to prioritise financial metrics for our Executive Directors and to incentivise them to focus on generating value for shareholders. We want Volex to be a sustainable and cash-generative company that aims to pay regular dividends. Financial measures will make up 80% of the total opportunity for Executive Directors.

▲  
**Amelia Murillo**  
Chair of the  
Remuneration  
Committee

# Remuneration Committee Report

On 15 February 2022, Nathaniel Rothschild and Jon Boaden were issued with equity awards under the LTIP of 123% and 112% of base salary respectively, in line with the policy.

During FY2022 the Company conducted an assessment of its pay competitiveness enabled by its implementation of a global job evaluation methodology. Job evaluations were completed for the top 40 roles by specialist external advisors and their findings were reviewed and approved by both Executives and the Remuneration Committee. The purpose of this work was to ensure that the Company maintained competitive and fair remuneration practices and to ensure that these could be objectively reviewed annually taking into account the increasing size and complexity of the Company and changes in market practices around the world.

As a result of this work the Remuneration Committee implemented base salary adjustments to a number of senior positions in the Company. Base salaries of the Executive Directors for FY2022 were reviewed and increased by 2.5% in line with the UK employee salary increases based on the Company's policy for responding to inflation in each country. A further increase of 12.5% was applied to Jon Boaden to reflect his development in the role of CFO since his appointment in November 2020 bringing his salary broadly in line with the market.

The Remuneration Committee is continually aware and mindful of any potential risks associated with our remuneration arrangements. We seek to provide a structure that encourages an acceptable level of risk-taking through key performance measures and an optimal remuneration mix. The Committee undertakes annual third-party evaluations to ensure our reward programmes achieve the correct balance, maintain competitiveness in the market and do not encourage excessive risk-taking.

The Committee has considered the risk involved in the short and long-term incentive schemes and is satisfied that the governance procedures mitigate these risks appropriately.

During the year, the Committee reviewed the Remuneration Policy and considered that it continues to be appropriate.

The Committee continues to welcome feedback from shareholders, and I hope that we can continue to receive your support in the future on the remuneration related votes at our AGM.

On behalf of the Remuneration Committee.

**Amelia Murillo**  
Chair of the Remuneration  
Committee

23 June 2022



## Compliance statement

The Company is listed on the Alternative Investment Market and therefore provides these remuneration disclosures on a voluntary basis. As such, the charts and tables included here are unaudited. We have incorporated some additional information based on the remuneration reporting regulations for main market listed companies where we believe it provides additional relevant information for the users of the financial statements. The Board is committed to maintaining high standards of corporate governance and the Directors intend, so far as is practicable given the Company's size and constitution of the Board, to comply with the provisions of the Quoted Companies Alliance Corporate Governance Code (the 'QCA code').

## Introduction

The Company's Remuneration Policy ('Policy') is designed to reinforce the Company's goals, providing effective incentives for exceptional Group and individual performance. The Committee regularly reviews the remuneration structure in place at Volex to ensure it remains aligned with our business strategy and reinforces our success, and aligns reward with the creation of shareholder value. The Committee strives to ensure that shareholders' interests are served, by creating an appropriate balance between fixed and performance-related pay. A considerable part of the reward package is linked to

share-price performance and is delivered in shares.

## Policy report

### Volex's Remuneration Policy for Executive Directors

The table below sets out the Company's Remuneration Policy.

PURPOSE AND LINK TO STRATEGY	OPERATION	OPPORTUNITY	PERFORMANCE METRICS
<b>Base salary</b> To reflect market value of the role and individual's performance and contribution.	Reviewed on an annual basis, with any adjustments taking effect from 1 April.  The Committee reviews base salaries with reference to: <ul style="list-style-type: none"> <li>▶ The individual's performance, responsibility, skills and experience; Company performance and market conditions;</li> <li>▶ Salary levels for similar roles at relevant comparators, including companies of similar market capitalisation to Volex and companies in a similar sector; and</li> <li>▶ Wider pay levels and salary increases across the Group.</li> </ul> Payable in cash.	Base salary increases are applied in line with the outcome of the review, as part of which the Committee also considers average salary increases across the Group.  In respect of existing Executive Directors, it is anticipated that salary increases will generally be in line with those of salaried employees as a whole. In exceptional circumstances (including, but not limited to, a material increase in job size or complexity) the Committee has discretion to make appropriate adjustments to salary levels to ensure they remain market competitive.	Company and individual performance are considerations in setting Executive Director base salaries.
<b>Pension</b> To provide a market competitive pension.	Executives participate in a money purchase scheme or other scheme as may be appropriate from time to time (e.g. taking into account location).	Executive Directors receive a contribution of up to 10% of salary. This may be exceeded in exceptional circumstances (e.g. recruitment).	Not performance-related

# Remuneration Committee Report

PURPOSE AND LINK TO STRATEGY	OPERATION	OPPORTUNITY	PERFORMANCE METRICS
<b>Benefits</b> To provide market competitive benefits.	<p>Benefits may include fuel costs, travel allowances, private medical insurance, critical life and death in-service cover.</p> <p>Other benefits may be awarded as appropriate and include relocation and other expatriate benefits.</p>	<p>Benefits may vary by role and individual circumstances and are reviewed periodically.</p> <p>Benefits are not anticipated to exceed 10% of salary over three financial years.</p> <p>The Committee retains the discretion to approve a higher cost in exceptional circumstances (e.g. relocation) or in circumstances where factors outside of the Company's control have materially changed (e.g. increases in medical insurance premiums).</p>	<p>Not performance-related.</p>
<b>Annual bonus</b> To incentivise delivery of the Group's annual financial and strategic goals.	<p>Performance is measured on an annual basis for each financial year.</p> <p>KPIs are established at the start of the year that are directly related to and reinforce the business strategy. Stretch targets are set for each KPI; at the end of the year the Committee determines the extent to which these were achieved.</p> <p>The policy requires a proportion of any annual bonus award to be deferred into shares for at least one year, subject to continued employment. Two-thirds of any bonus above 25% of annual salary shall be deferred into Volex shares.</p> <p>Annual bonus amounts paid and vested deferred bonus awards are subject to clawback. Malus may be applied to the in-year bonus (i.e. the bonus opportunity for the year may be reduced) and to unvested deferred bonus awards.</p>	<p>The maximum bonus for Executive Directors is 100% of salary p.a.</p> <p>For threshold performance, 20% of the bonus is payable.</p> <p>Threshold performance is set just below our budgeted level for each financial indicator.</p> <p>For performance between threshold and maximum, the bonus pay-out will increase on a straight-line basis.</p>	<p>The KPIs selected and their respective weightings may vary from year to year depending on strategic priorities. Measures may include financial and non-financial metrics.</p> <p>Corporate measures will be weighted each year according to business priorities. Measures will include a measure of operating profit as well as other financial measures that support our in-year goals. The range of performance required under each measure is calibrated with reference to Volex's internal budgets.</p> <p>Financial measures will make up at least 80% of the total opportunity. The Committee has discretion to adjust the formulaic bonus outcome both upwards and downwards to ensure alignment of pay with the underlying performance of the business over the financial year, and to take into account personal performance over the course of the year.</p> <p>Further details of performance conditions are provided in the Annual Report on Remuneration on pages 83 to 87.</p>

PURPOSE AND LINK TO STRATEGY	OPERATION	OPPORTUNITY	PERFORMANCE METRICS
<b>LTIP</b> To drive performance, aid retention and align the interests of Executive Directors with shareholders.	<p>The Committee may grant annual awards in the form of shares, nominal or nil value options which vest after at least three years, subject to performance conditions. The award levels and performance conditions are reviewed in advance of grant to ensure they remain appropriate.</p> <p>Unvested awards under the LTIP are subject to malus and vested awards are subject to clawback. LTIP awards will have a performance period of at least three years and a minimum vesting period of three years. If no entitlement has been earned at the end of the relevant performance period, the awards will lapse.</p>	<p>The LTIP provides for annual awards of performance shares of up to 680,000 shares for the Executive Directors, or up to 750,000 shares in exceptional circumstances. The normal annual grant will be up to 200% of salary. Under each measure, threshold performance will result in 30% of maximum vesting for that element, rising on a straight-line basis to full vesting.</p>	<p>Awards vest subject to continued employment and Company performance. The performance measures are currently relative Total Shareholder Return ('TSR') and cumulative adjusted operating profit but the Committee may also include additional measures. The weighting on TSR for any LTIP award will be at least 50%. The Committee reviews the comparator group against which TSR performance is measured from time to time to ensure it remains aligned with shareholder interests. As under the annual bonus, the Committee has discretion to adjust the formulaic LTIP outcomes to ensure alignment of pay with performance, i.e. to ensure the outcome is a true reflection of the performance of the Company. Further details of performance conditions are provided in the Annual Report on Remuneration on pages 83 to 87.</p>

## Notes to the policy table

### Performance measurement selection

The aim of the annual bonus plan is to reward key executives over and above base salary for the achievement of business objectives. The bonus criteria are selected annually to reflect the Group's main KPIs for the year and are designed to encourage continuous performance improvement for the Group. Group financial performance targets relating to the annual bonus plan are set from the Company's annual budget, which is reviewed and signed off by the Board prior to the start of each financial year. Underlying operating profit is used as a key performance indicator for the annual bonus plan because it is a clear measure of the underlying financial performance of the Group.

Long-term share-based incentives ('LTI') are designed to align the interests of key executives with the longer-term interests of the Company's shareholders, by rewarding them for delivering sustained increases in shareholder value. The vesting of LTIP share awards is linked to performance conditions, in particular to the Company's relative total shareholder return and cumulative operating profit. Relative TSR has been selected as it is directly aligned with shareholder interests. The comparator group is tailored and proposed by our external specialist advisers and approved at the start of the cycle by the Committee. Cumulative operating profit has been selected as it is a key measure of long-term performance for Volex and is closely aligned with the Company's strategic plans. The minimum three-year performance period is in line with the market and therefore aids the recruitment of senior hires.

For the LTIP, performance measures and targets are reviewed by the Committee ahead of each grant and must be considered by the Committee to be challenging but achievable. Targets applying to the bonus and LTIP are reviewed annually, based on a number of internal and

external reference points. Performance targets are set to be stretching but achievable, with regard to the particular strategic priorities and economic environment in a given year.

### Remuneration policy for other employees

Volex's approach to annual salary reviews is consistent across the Group, with consideration given to the levels of experience and responsibility, to individual performance and to salary levels in comparable companies. The Company utilises a globally recognised job evaluation system and engaged external advisors to conduct a rigorous benchmarking of remuneration for our top 40 leadership positions. This work was reviewed and approved by the Remuneration Committee in October 2021. The majority of our employees (excluding those who are in shopfloor-based roles within our manufacturing facilities) are eligible to participate in an annual bonus scheme. Opportunities and specific performance conditions vary by organisational level, with business area-specific metrics incorporated where appropriate. Performance conditions are consistent for all participants, while award sizes vary by organisational level. Specific cash incentives are also in place to motivate, reward and retain staff below Board level.

### Shareholding guidelines

The Committee continues to recognise the importance of Executive Directors aligning their interests with shareholders through building up a significant shareholding in the Company. Shareholding guidelines are in place that require Executive Directors to acquire, over time, a holding equivalent to 100% of base salary. Other executive management are required to acquire a holding over time equivalent to 50% of base salary. Executives are expected to retain at least 50% of any LTI shares acquired on vesting (net of tax) until the guideline level is achieved.

# Remuneration Committee Report

## Voilex's Remuneration Policy for Non-Executive Directors

The Board determines the Remuneration Policy and level of fees for the Non-Executive Directors within the limits set out in the Articles of Association. The Remuneration Committee recommends the Remuneration Policy and level of fees for the Non-Executive Directors. Non-Executive Directors are not eligible to participate in the annual bonus, LTIP or pension schemes.

The current policy is:

PURPOSE AND LINK TO STRATEGY	OPERATION	OPPORTUNITY	PERFORMANCE METRICS
<b>Fees</b> To reflect market competitive rates for the role, as well as individual performance and contribution.	Non-Executive Directors receive a basic fee for their respective roles.  Additional fees are paid to Non-Executive Directors for additional services, e.g. chairing a Board Committee, supporting the Board on matters that require significant time commitment over and above that expected to fulfil their normal duties, etc.  Fees are reviewed annually with reference to: information provided by remuneration surveys; the extent of the duties performed; and the size and complexity of the Company.  Fee levels are benchmarked against sector comparators and FTSE listed companies of similar size and complexity.  Fees are payable in cash.	Fee increases are applied in line with the outcome of the annual review.  There is no prescribed maximum fee. It is expected that increases to Non-Executive Director fee levels will be in line with salaried employees over the life of the policy.  However, in the event that there is a material misalignment with the market or a change in the complexity, responsibility or time commitment required to fulfil a Non-Executive Director role, the Board has discretion to make an appropriate adjustment to the fee level.	Not applicable.

## Pay scenario charts

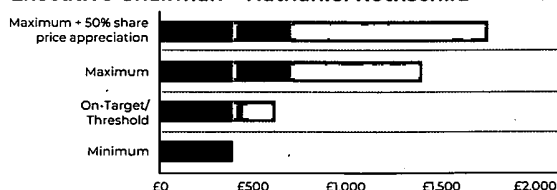
The charts below provide estimates of the potential future reward opportunity for the current Executive Directors, and the potential split between the different elements of remuneration under three different performance scenarios: 'Minimum', 'On Target/Threshold' and 'Maximum'.

Potential reward opportunities illustrated below are based on the Remuneration Policy, applied to the base salary as at 1 April 2022. For the annual bonus, the amounts illustrated are those potentially receivable in respect of performance for FY2023. For the LTIP, the award opportunities are based on those LTIP awards which are expected to be granted in FY2023. It should be noted that LTIP awards granted in a year normally vest on the third anniversary of the date of grant, and the projected value of LTIP amounts excludes the impact of share price movement over the vesting period.

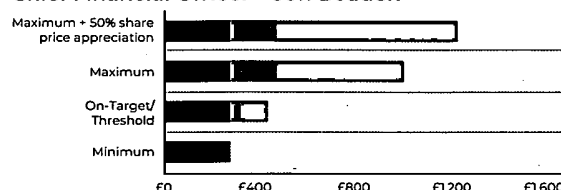
In illustrating potential reward opportunities, the following assumptions have been made:

Component	Minimum	On-target	Stretch Target	Absolute TSR Multiplier
Fixed	Base salary	Latest known salary		
	Pension	Contribution rate applied to latest known salary		
	Other benefits	Benefits as provided in the single figure table (excluding relocation allowances)		
Annual bonus	No bonus payable	20%	100%	
LTIP	No LTIP vesting	30% vesting	100%	Up to 2x award

### Executive Chairman – Nathaniel Rothschild



### Chief Financial Officer – Jon Boaden



■ Fixed ■ Annual Bonus □ LTIP

### External appointment

In the cases of hiring or appointing a new Executive Director from outside the Company, the Committee may make use of any or all of the existing components of remuneration, as follows:

COMPONENT	APPROACH	MAXIMUM VALUE
<b>Base salary</b>	The base salaries of new appointees will be determined by reference to the individual's role and responsibilities, experience and skills, relevant market data, internal relativities and their current basic salary. Where new appointees have initial basic salaries set below market, any shortfall may be managed with phased increases over a period of one to two years, subject to their development in the role.	Not applicable
<b>Pension</b>	New appointees will be eligible to participate in the Group's defined contribution pension plan or to receive a cash allowance.	
<b>Benefits</b>	New appointees will be eligible to receive benefits in line with the Policy.	
<b>Annual bonus</b>	The annual bonus described in the Policy Table will apply to new appointees with the relevant maximum being prorated to reflect the proportion of employment over the year. Targets for the individual element will be tailored to the Executive.	Up to 100% of salary p.a.
<b>LTIP</b>	New appointees will be eligible for awards under the LTIP which will normally be on the same terms as other Executive Directors, as described in the Policy Table.	Up to 200% of salary p.a.

In determining an appropriate remuneration package, the Remuneration Committee will take into consideration all relevant factors (including quantum, nature of remuneration and the jurisdiction from which the candidate was recruited) to ensure that arrangements are in the best interests of both Volex and its shareholders. In addition to the above elements of remuneration, the Committee may consider it appropriate to grant an award under a different structure in order to facilitate the recruitment of an individual, exercising the discretion available to replace incentive arrangements forfeited on leaving a previous employer. Such 'buyout awards' would have a fair value no higher than that of the awards forfeited. In doing so, the Committee will consider relevant factors including any performance conditions attached to these awards, the likelihood of those conditions being met and the proportion of the vesting period remaining.

### Internal promotion

In cases of appointing a new Executive Director by way of internal promotion, the Remuneration Committee will be consistent with the policy for external appointees detailed above. Where an individual has contractual commitments made prior to their promotion to Executive Director level, the Company will continue to honour these arrangements.

### Non-Executive Directors

In the case of hiring or appointing a new Non-Executive Director, the Committee will follow the Policy as set out in the table on page 85. A base fee in line with the prevailing fee schedule would be payable for Board membership, with additional fees payable for additional services, such as chairing a Board Committee or acting as a Senior Independent Director.

### Service contracts

The QCA Code and guidelines issued by institutional investors recommend that notice periods of no more than one year be set for Executive Directors and that any payments to a departing Executive Director should be determined having full regard to the duty of mitigation. It is the Company's intention to meet these guidelines, and the Company policy is that Executive Directors' service contracts may be terminated by either party on not more than 12 months' notice.

# Remuneration Committee Report

The Executive Directors are employed under contracts of employment with Volex plc. The principal terms of the Executive Directors' service contracts are as follows:

Executive Director	Position	Effective date of contract	Notice period	
			From Company	From Director
Nathaniel Rothschild	Executive Chairman	1 December 2015	6 months	6 months
Jon Boaden	Chief Financial Officer	12 November 2020	3 months	3 months

Letters of appointment are provided to the Non-Executive Directors. Non-Executive Directors have letters of appointment effective for a period of three years. Non-Executive Directors' letters of appointment are available to view at the Company's registered office.

Directors' letters of appointment and the unexpired period of their appointments (where appropriate, after extension by re-election) are set out below:

NON-EXECUTIVE DIRECTORS	DATE OF LETTER	UNEXPIRED TERM AS AT 3 APRIL 2022	DATE OF APPOINTMENT	NOTICE PERIOD
Dean Moore	18.04.2017	13 months	19.04.2020	3 months
Jeffrey Jackson	30.07.2019	4 months	30.07.2019	3 months
Peter Westmacott	12.11.2020	19 months	12.11.2020	3 months
Amelia Murillo	26.01.2021	22 months	26.01.2021	3 months

## Payment policy on exit and/or change of control

The Company's policy is to limit any payment made to a departing Director to contractual arrangements and to honour any pre-established commitments. As part of this process, the Committee will take into consideration the Executive Director's duty to mitigate their loss.

If employment is terminated by the Company, the departing Executive Director may have a legal entitlement (under statute or otherwise) to certain payments, which would be met. In addition, the Committee retains discretion to settle any other amounts reasonably due to the Executive Director, for example to meet the legal fees incurred by the Executive Director in connection with the termination of employment, where the Company wishes to enter into a settlement agreement (as provided for below) and the individual must seek independent legal advice.

In certain circumstances, the Committee may approve new contractual arrangements with departing Executive Directors including (but not limited to) settlement, confidentiality, restrictive covenants and/or consultancy arrangements. These will be used sparingly and only entered into where the Committee believes that it is in the best interests of the Company and its shareholders to do so.

In addition to the contractual provisions regarding payment on termination set out above, the table on the next page summarises how the awards under the annual and deferred bonus and PSP/LTIP are typically treated in different leaver scenarios and a change of control. Although the Committee retains overall discretion on determining 'good leaver' status, it typically defines a 'good leaver' in circumstances such as injury or disability, death, redundancy, retirement with the consent of the Company or any other reason as the Committee decides. Final treatment is subject to the Committee's discretion.



EVENT	TIMING OF VESTING/AWARD	CALCULATION OF VESTING/PAYMENT
<b>Annual bonus</b>		
<b>'Good leaver'</b>	Paid at the same time as continuing employees.	Eligible for an award to the extent that performance targets are satisfied and the award is prorated for the proportion of the financial year served.
<b>'Bad leaver'</b>	No annual bonus payable.	Not applicable.
<b>Change of control</b>	Generally paid immediately on the effective date of change of control, with the Committee's discretion to treat otherwise.	Eligible for an award to the extent that performance targets are satisfied up to the change of control, subject to Remuneration Committee discretion, and the award is prorated for the proportion of the financial year served to the effective date of change of control.
<b>Deferred bonus</b>		
<b>'Good leaver'</b>	Continue until the normal vesting date or earlier, at the discretion of the Committee. In the event of death of a participant, the award would vest immediately.	Outstanding awards vest in full.
<b>'Bad leaver'</b>	Outstanding awards are forfeited.	Not applicable.
<b>Change of control</b>	Vest immediately on the effective date of change of control.	Outstanding awards vest in full.
<b>LTIP</b>		
<b>'Good leaver'</b>	Continue until the normal vesting date or earlier, at the discretion of the Committee. In the event of death of a participant, the award would vest immediately.	Outstanding awards vest to the extent the performance conditions are satisfied and the awards are prorated to reflect the length of the vesting period served unless the Board decides otherwise. In the event of the death of a participant during the performance period, the award would vest in full.
<b>'Bad leaver'</b>	Outstanding awards are forfeited.	Not applicable.
<b>Change of control</b>	Vest immediately on the effective date of change of control.	Outstanding awards vest subject to the satisfaction of performance conditions as at the effective date of change of control, subject to Remuneration Committee discretion, and the award is prorated for the proportion of the vesting period served to the effective date of change of control unless the Board decides otherwise.

### External appointments

With the approval of the Board in each case, and subject to the overriding requirements of the Group, Executive Directors may act as Non-Executive Directors to other companies and retain any fees received.

### Annual Report on Remuneration

The following section provides details of how the Remuneration Policy was implemented during the year.

# Remuneration Committee Report

## Remuneration Committee membership in FY2022

The Committee met seven times during the year. Attendance by individual Committee members at meetings is detailed below.

COMMITTEE MEMBER	MEMBER THROUGHOUT FY2022	NUMBER OF MEETINGS ATTENDED
Dean Moore	Yes	7
Amelia Murillo	Yes	7
Jeffrey Jackson	Yes	7

During the year, the Committee sought internal support from the Executive Chairman and Chief Financial Officer, who attended Committee meetings by invitation from the Chairman to advise on specific questions raised by the Committee and on matters relating to the performance and remuneration of senior managers. No individuals are involved in decisions relating to their own remuneration. The Company Secretary attended each meeting as Secretary to the Committee.

## Agenda during FY2022

The agenda during FY2022 included:

- ▶ Approval of the FY2021 Remuneration Committee Report;
- ▶ Evaluation of share award proposals for Executive Directors and senior managers for FY2022;
- ▶ Review of Executive Directors' shareholdings;
- ▶ Review and approval of the vesting in full for the PSP FY2019 vesting;
- ▶ Consideration and approval of remuneration packages;
- ▶ On appointment LTIP awards;
- ▶ Severance packages;
- ▶ Consideration of advisory bodies' and institutional investors' current guidelines on executive compensation;
- ▶ Review and approval of the Company's job evaluation workstream and the recommendations to compensation policy and levels for management that were identified through this work.
- ▶ Review and ratification of the Remuneration Policy and remuneration packages for Executive Directors and the fees payable to our Non Executive Directors for FY2023, incorporating institutional investor feedback;
- ▶ Evaluation of the proposal for the annual bonus plan for FY2023;
- ▶ Review of the succession planning status for the top 20 management positions;

## Advisers

In undertaking its responsibilities, the Committee seeks independent external advice as necessary. To this end, for the year under review, the Committee continued to retain the services of Mercer as the principal external advisers to the Committee. The Committee evaluates the support provided by its advisers annually and is comfortable that the Mercer team provides independent remuneration advice to the Committee and does not have any connections that may impair independence.

Fees of £86,440 (FY2021: £29,600) were paid to advisers in respect of work carried out for the year under review.

## Summary of shareholder voting at the FY2021 AGM

It is the Remuneration Committee's policy to consult with major shareholders prior to any major changes to its Executive Directors' remuneration structure. The table below shows the results of the vote on the FY2021 Remuneration Report at the AGM on 29 July 2021.

	FY2021 Remuneration Report	
	Total number of votes	% of votes cast
For (including discretionary)	73,729,782	81.33%
Against	16,924,869	18.67%
Total votes cast (excluding withheld votes) <sup>1</sup>	90,654,651	
Votes withheld	7,139,061	
Total votes cast (including withheld votes)	97,793,712	

<sup>1</sup> A withheld vote is not a vote in law and is not counted in the calculation of the proportion of votes cast for and against a resolution.

### Single figure of Executive Director remuneration

The table below sets out a single figure for the total remuneration received by each Executive Director for the year ended 3 April 2022 and the prior year:

Name	Year	Salary	Benefits <sup>1</sup>	Pension <sup>2</sup>	Cash Annual bonus <sup>3</sup>	LTIP <sup>4</sup>	Deferred annual bonus (restricted shares) <sup>5</sup>	Total
		GBP	GBP	GBP	GBP	GBP	GBP	GBP
Nat Rothschild	<b>2022</b>	<b>£333,473</b>	<b>£2,832</b>	<b>£33,347</b>	<b>£117,827</b>	<b>£831,300</b>	<b>£68,918</b>	<b>£1,387,697</b>
	2021	£329,844	£2,582	£32,984	£162,283	£910,000	£159,645	£1,597,338
Jon Boaden	<b>2022</b>	<b>£ 212,310</b>	<b>£3,146</b>	<b>£13,650</b>	<b>£75,016</b>	<b>£0</b>	<b>£43,877</b>	<b>£347,999</b>
	2021 <sup>5</sup>	£72,241	£4,817	£7,790	£39,356	£0	£37,716	£161,920

<sup>1</sup> Taxable value of benefits received in the year by Executives includes healthcare and life assurance.

<sup>2</sup> Pension: Jon Boaden participates in a money purchase scheme into which the Company contributed 6% of salary.

<sup>3</sup> Annual bonus: The operating profit target for FY2022 was met but the cash flow target was not met. 56% of maximum bonuses were awarded. In accordance with the bonus deferral policy, two-thirds of any bonus above 25% of annual salary is deferred into Volex shares. Therefore, a proportion of the Executive Directors' bonuses (approximately 37%) were deferred into Volex shares for a period of one year. Details can be found on page 78 of this report.

<sup>4</sup> During the year, Nathaniel Rothschild exercised awards in respect of 340,000 shares received under the PSP with a valuation (net of exercise price and fees) of £910,000.

<sup>5</sup> Jon Boaden was appointed as Chief Financial Officer in November 2020. The prior year remuneration for Jon Boaden only includes the remuneration from his appointment to the Board.

	Year	Base fee	Committee fees	Additional Fee <sup>1</sup>	Benefits	Total
Non-Executive Director		GBP	GBP	GBP	GBP	GBP
Dean Moore	<b>2022</b>	<b>£55,000</b>	<b>£20,000</b>	–	–	<b>£75,000</b>
	2021	£50,000	£20,000	–	–	£70,000
Jeffrey Jackson	<b>2022</b>	<b>£55,000</b>	<b>£10,000</b>	–	–	<b>£65,000</b>
	2021	£50,000	£10,000	–	–	£60,000
Peter Westmacott	<b>2022</b>	<b>£55,000</b>	<b>£10,000</b>	–	–	<b>£65,000</b>
	2021	£21,073	–	–	–	£21,073
Amelia Murillo	<b>2022</b>	<b>£55,000</b>	<b>£10,000</b>	–	–	<b>£65,000</b>
	2021	£10,220	£1,858	–	–	£12,079

The Non-Executive Directors are not eligible for bonuses, retirement benefits and cannot participate in any share scheme operated by the Company. The base fees during the year and for FY2023 are:

	Fee <sup>1</sup>	
	FY2023	FY2022
Non-Executive Director base fee	<b>£55,000</b>	£55,000
Senior Independent Director fee	<b>£10,000</b>	£10,000
Chair of Committee additional fee	<b>£10,000</b>	£10,000

<sup>1</sup> Remuneration comprises an annual fee for acting as a Non-Executive Director of the Company. Additional fees are paid to Non-Executive Directors in respect of their service as Chair of a Board Committee.

### Incentive outcomes for the year ended 3 April 2022

#### Annual bonus in respect of FY2022 performance

For FY2022, the maximum bonus potential for the Executive Directors was set at 100% of basic annual salary with 40% based on achieving an operating profit target, 40% on achieving a cash generation from operations before adjusting items target and 20% based on achieving personal objectives.

The performance against the criteria, as defined, determined that bonuses would be earned under the annual bonus plan at the level of 56% for Nathaniel Rothschild and Jon Boaden. The Remuneration Committee has applied the bonus deferral policy (whereby two-thirds of any bonus above 25% of annual salary is deferred into Volex shares) and therefore a significant proportion of the Executive Directors' bonuses (approximately 37%) has been deferred into Volex shares, and will vest after one year.

# Remuneration Committee Report

## Annual bonus target for FY2023 performance

Corporate targets set by the Committee require Executive Directors to deliver significant stretch performance. The Committee has taken the decision to publish performance targets prospectively. For FY2023 targets see page 88.

## PSP Schemes

On the 11 December 2021 PSP awards held by Nathaniel Rothschild (340,000 options) and Jon Boaden (150,000 options) vested based on the TSR target being 100% met and the cumulative profit target being 100% met.

## Scheme interests awarded in FY2022

The following awards were granted during the year under the LTIP:

	Date of grant	LTIP award		
		Number of shares	Market price at date of award	Face value
Executive Chairman	15 February 2022	142,500	288.0p	£410,400
Chief Financial Officer	15 February 2022	82,500	288.0p	£237,600

In the ordinary course, the LTIP Awards will vest and become exercisable on 7 December 2024, subject to the PDMRs continuing employment with the Company and the satisfaction of TSR performance conditions measured over FY22, FY23 and FY24. If certain stretching conditions are met an absolute TSR performance multiplier will also apply, whereby if the Company achieves 100% growth in absolute TSR over the three year vesting period a multiplier of up to 2.5x will be applied to the Awards. Following vesting, the Shares will be subject to a two-year holding period (net of tax).

The FY2022 awards to the Executive Chairman and to the Chief Financial Officer amounted to 123% and 112% of base salary respectively for each.

There is no retest provision. In addition, for any shares to vest on TSR, the Committee must satisfy itself that the recorded TSR is a genuine reflection of the underlying business performance of Vollex.

## LTIP

The maximum base award available under the plan is 680,000 shares per recipient, or 750,000 in exceptional circumstances. Awards are granted as nil-cost options. Final vesting of any grant will depend on the achievement of three-year relative TSR outperformance against a defined comparator group and cumulative operating profit, as follows:

PERFORMANCE CONDITION	WEIGHTING	AWARD VESTING
TSR (share price growth plus reinvested dividends) relative to defined Comparator Group	50%	Target (group median) – 30%
		Stretch (upper quartile of group) – 100%
Cumulative Operating Profit	50%	Target – 30%
		Stretch – 100%

For the top executive team, including Executive Directors, a potential multiplier of the normal award in the event of exceptional performance can also be applied at the point of award at the discretion of the Remuneration Committee, as measured against an absolute TSR target. For the 2022 awards, this was linked to the Executive Directors voluntarily electing to extend the vesting period of their 2020 LTIP grants for a further three years after the original vesting date, with a multiplier of up to 2.5x available if 75% of more of the 2020 LTIP is deferred and a multiplier of up to 2x available if between 50% and 74.9% of the 2020 LTIP award is deferred.

PERFORMANCE CONDITION	ABSOLUTE TSR (SHARE PRICE GROWTH PLUS REINVESTED DIVIDENDS)	
Level of performance	Multiplier	
Below target	Below 50%	n/a
Target	50%	1x
Stretch	100% or above	2x

Specific targets for future operating profit are deemed to be commercially sensitive and will not be published until such time that the Committee is confident there will be no adverse impact on the Company of such disclosure. Further details of the grant date and number of interests for FY2023 will be disclosed in the 2023 Annual Report on Remuneration.

## Non-Executive Director fees

In FY2021 the Board determined that Non-Executive remuneration should be increased by 10% to better reflect market rates and this was effective for FY2022. This was the first increase to this fee since July 2017. Fee levels will continue to be reviewed on an annual basis.

### Payments for loss of office

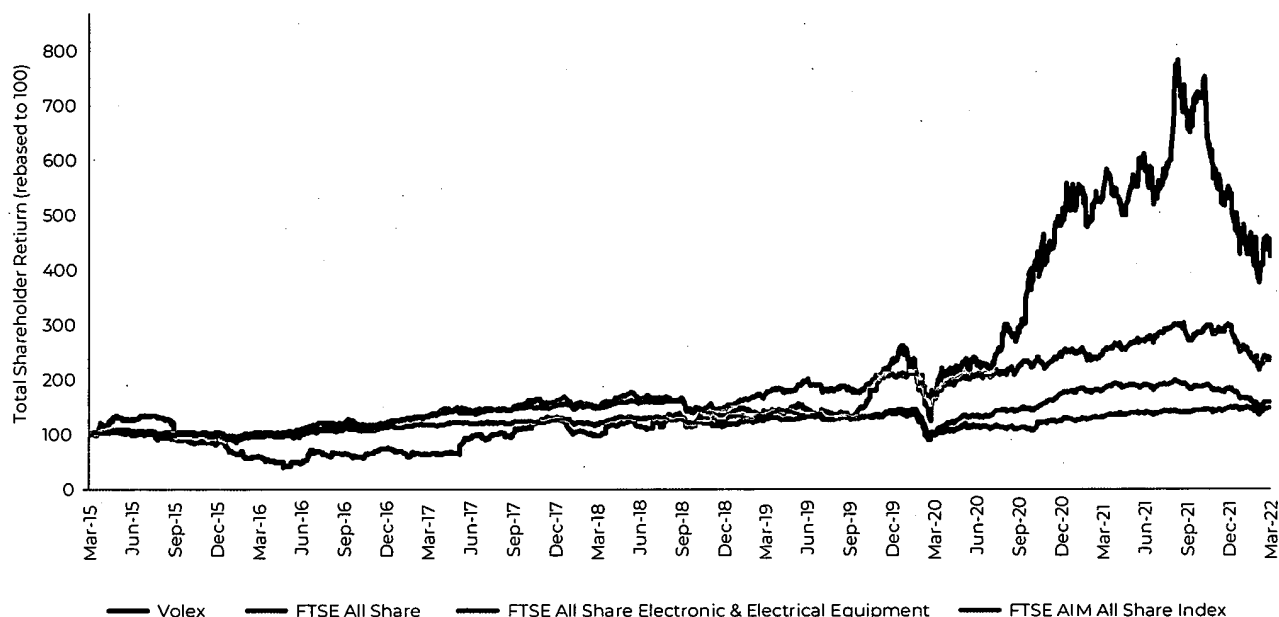
No Executive Director or person discharging managerial responsibility lost their office during FY2022.

### Payments to past Directors

No payments were made to past Directors during the year.

### Six-year TSR performance review and CEO single figure

The following graph charts the TSR of the Company and the FTSE All Share, FTSE All Share Electronic and Electrical Equipment and FTSE AIM All Share indices over the six-year period from March 2016 to March 2022. In the opinion of the Directors, these indices are the most appropriate against which the total shareholder return of Volex should be measured.



Note: TSR is calculated on a common currency basis. The table below details the single figure remuneration for the CEO and Executive Chairman over the same period.

	2017	2018	2019	2020	2021	2022
CEO / Executive Chairman single figure of remuneration (£'000)	392	534	620	1,657	1,597	<b>1,388</b>
Annual bonus pay-out (% of maximum)	50%	74%	97%	98%	98%	<b>56%</b>
PSP vesting (% of maximum)	0	0	88%	100%	100%	<b>100%</b>

### Implementation of Executive Director Remuneration Policy for FY2023

#### Base salary

Market positioning of base salary is approached on an individual basis, taking account of advice received from the Committee's independent advisers on the rates of salary for similar roles in selected groups of comparable companies, and the individual performance and experience of each Executive. Each role has been independently evaluated and this job evaluation reference provides the Committee with a more precise reference for assessing the competitiveness of Executive compensation with consideration being given to base, total cash-based compensation and total direct compensation. The aim is for base salary to be set with reference to the market median, dependent on the Committee's view of individual and Group performance.

The Committee reviewed salaries during the year and agreed that there would be an increase approximately in line with UK inflation of 2.5% calculated on the average inflation over the previous 12 months. A further increase of 12.5% was applied to Jon Boaden to reflect his development in the role of Chief Financial Officer since his appointment in November 2020 bringing his salary broadly in line with the market. Following this one-off repositioning of his salary it is envisaged that his future increases will be in line with the UK-based workforce.

	Base salary in place prior to review	Base salary effective from 4 April 2022	Percentage increase from 4 April 2022
Nathaniel Rothschild	£333,473	£341,810	2.5%
Jon Boaden	£212,310	£244,157	15%

A salary increase averaging 2.5% across the UK employee population was awarded at the annual pay review.

# Remuneration Committee Report

## Pension

There were no material changes to Pension arrangements during FY2022. The Chief Financial Officer receives a pension contribution of 6% of salary through a salary sacrifice arrangement and, in addition, the NI savings for both the employee and the employer are reinvested into the employee's monthly contribution. This is a standard arrangement for our UK-based employees. The Executive Chairman receives a pension contribution of 10% of salary.

## Annual bonus

The annual bonus for FY2023 will operate on the criteria set out in the Policy. The Committee has approved a maximum annual bonus opportunity of 100% of salary for the Executive Directors.

The Committee is committed to disclosing targets on a prospective basis. For FY2023, the maximum bonus potential for the Executive Directors was set at 100% of basic annual salary with 70% based on achieving an operating profit target, 10% on achieving a working capital target and 20% based on achieving personal objectives. Proposed target levels have been set to be challenging relative to the FY2022 business plan, and are as follows:

	Threshold (20%)	Maximum (100%)
Group operating profit	\$65.3m	\$67.3m
Working Capital (as a percentage of sales)	24.4%	n/a
Personal objectives	n/a	n/a

## LTIP

The Executive Directors could receive an award of up to 200% of salary. Final vesting of any grant will depend on the achievement of three-year relative TSR outperformance versus the comparator group of companies and cumulative operating profit, as follows:

Performance condition	TSR (share price growth plus reinvested dividends) relative to companies in the comparator group of companies		Cumulative operating profit
Weighting	50%		50%
Level of performance	Company's TSR outperformance of the index	% of award vesting	% of award vesting
Threshold	Index	30%	30%
Maximum	Index + 15% p.a.	100%	100%

<sup>1</sup> There is straight-line vesting between the 'threshold' and 'maximum' performance levels.

For the top executive team, including Executive Directors, a potential multiplier of the normal award in the event of exceptional performance can be applied at the point of award at the discretion of the Remuneration Committee, as measured against an absolute TSR target.

Specific targets for future operating profit are deemed to be commercially sensitive and will not be published until such time that the Committee is confident there will be no adverse impact on the Company of such disclosure. At this time, the Committee believes that disclosure of targets within three years of the determination of vesting, i.e. not later than the 2024 Remuneration Committee Report, is appropriate.

Awards will vest three years from the grant date. Further details of the grant date and number of interests awarded will be disclosed in the 2023 Annual Report on Remuneration.

## Non-Executive Director fees

The Board determined that there would be no change to Non-Executive Director fees for FY2023 after previously increasing them at the start of FY2022.

	FY2022 fees	FY2023 fees
<b>Base fees</b>		
Chairman		
Non-Executive Director	£55,000	£55,000
<b>Additional fees</b>		
Audit Committee Chair	£10,000	£10,000
Remuneration Committee Chair	£10,000	£10,000
Nominations Committee Chair	£10,000	£10,000
Safety, Environmental and Sustainability Committee Chair	£10,000	£10,000
Senior Independent Director	£10,000	£10,000

**Directors' interests**

The table below shows the Directors' interests in shares and the extent to which Volex's shareholding guidelines are achieved.

	Number of shares held as at 3 April 2022 (or date of resignation)	Current shareholding (% salary/fees)	Shareholding guideline (as % of salary) <sup>1</sup>	Guideline Met
Nathaniel Rothschild <sup>2</sup>	38,929,581	30,586%	100%	Yes
Jon Boaden	1,788	2%	100%	No
Dean Moore	15,000	n/a	n/a	n/a
Jeffrey Jackson	12,500	n/a	n/a	n/a
Peter Westmacott	5,900	n/a	n/a	n/a
Amelia Murillo	–	n/a	n/a	n/a

<sup>1</sup> The shareholding guidelines were approved by the Remuneration Committee in March 2014. The guidelines require the Chief Executive Officer and Chief Financial Officer to acquire over time (to the extent they have not already done so) and maintain an ownership level of holdings of shares in Volex plc equal to gross basic salary. There is no time limit defined for achieving the target level. Senior Executives, as defined by the Remuneration Committee, must (unless a waiver is obtained from the Committee) retain a minimum of 50% of net shares (i.e. after statutory deductions) acquired under the relevant Employee Equity Plans until the relevant ownership level is met.

<sup>2</sup> Nathaniel Rothschild's shareholding is held directly and through NR Holdings Limited.

The table below shows the Executive and Non-Executive Directors' interests in shares which includes all shares owned beneficially together with those interests in shares which have vested and are no longer subject to deferral or performance conditions and may be included as an interest in shares under Volex's shareholding guidelines plus those shares and options over which future performance conditions remain.

	Not subject to performance			Subject to performance	
	Shares held	Vested but unexercised	Deferred bonus shares (FY2021) <sup>1</sup>	LTIP	Total
Nathaniel Rothschild <sup>2</sup>	38,929,581	–	42,365	722,500	39,694,446
Jon Boaden	1,788	150,000	25,635	272,500	449,923
Dean Moore	15,000	–	–	–	15,000
Jeffrey Jackson	12,500	–	–	–	12,500
Peter Westmacott	5,900	–	–	–	5,900
Amelia Murillo	–	–	–	–	–

<sup>1</sup> Under the FY2022 deferred share bonus plan, Nathaniel Rothschild will be awarded deferred bonus shares equal to a value of £68,918 and Jon Boaden will be awarded deferred bonus shares equal to a value of £43,877 to be made in accordance with the terms of the deferred share bonus plan.

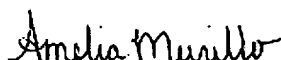
**Directors' interests in shares and options under Volex PSP and LTIP**

Details of the Directors' interests in long-term incentive schemes are set out below. Details, including explanation of movements during FY2022, are set out on page 86 of this Remuneration Report.

Directors' interest in shares and options under the old Volex PSP and the new Long Term Incentive Plan (LTIP).

	Number of shares subject to options held at 4 April 2021	Number of shares subject to LTIP options granted during FY2022	Number of shares subject to PSP options exercised during FY2022	Number of shares subject to PSP options lapsed during FY2022	Number of shares subject to option held at 3 April 2022	Exercise price of shares subject to PSP options (£)
Nathaniel Rothschild	920,000	142,500	(340,000)	–	722,500	0
Jon Boaden	340,000	82,500	–	–	422,500	0 – 0.25

The Remuneration Committee Report was approved by the Board of Directors on 23 June 2022 and signed on its behalf by:



**Amelia Murillo**

Chair of the Remuneration Committee

# Directors' Report

The Directors of the Company present their Annual Report for the year ended 3 April 2022 in accordance with section 415 of the Companies Act 2006.

As permitted by Paragraph 1A of Schedule 7 to the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 certain matters which are required to be disclosed in the Report of the Directors have been omitted as they are included in the Strategic Report on pages 12 to 54. These matters relate to a full review of the performance of the Group for the year, current trading and future outlook. The statement by the Directors in performance of their statutory duties in accordance with section 172(1) Companies Act 2006 is provided on page 44.

## Results and dividend

Results for the year ended 3 April 2022 are set out in the Consolidated Income Statement on page 102.

The Board is recommending payment of a final dividend of 2.4 pence per share for the 52 weeks ended 3 April 2022 (FY2021: 2.2 pence). Together with the interim dividend of 1.2 pence per share paid on 14 December 2021 (FY2021: 1.1 pence), this makes a total for the year of 3.6 pence (FY2021: 3.3 pence).

## Important events since the end of the financial year

No important events have taken place in the period between 4 April 2022 and 23 June 2022.

## Directors

The Directors who were in office during the year and up to the date the financial statements were signed are as follows:

### Executive Directors

Nathaniel Rothschild  
Jon Boaden

### Non-Executive Directors

Dean Moore  
Jeffrey Jackson  
Peter Westmacott  
Amelia Murillo

Biographical details of the Directors currently serving on the Board and their dates of appointment are set out on pages 58 and 59.

## Powers of Directors

The Directors may exercise all the powers of the Company, subject to any restrictions in the Company's Articles of Association, any relevant legislation and any directions given by the Company, by passing a special resolution at a general meeting.

In particular, the Directors may exercise all the powers of the Company to borrow money, subject to the limitation that the aggregate amount of all money borrowed by the Group and owing to persons outside the Group shall not, without the sanction of an ordinary resolution of the Company, exceed an amount equal to three times the aggregate of the Group's capital and reserves calculated in the manner prescribed by the Company's Articles of Association.

## Appointment and replacement of Directors

The Company's approach to the appointment and replacement of Directors is governed by its Articles of Association (together with relevant legislation).

The number of Directors should be no fewer than three and no more than 15. Directors may be appointed by the Company by ordinary resolution or by the Board of Directors.

At each Annual General Meeting, all Directors who (i) were appointed by the Board since the last Annual General Meeting, (ii) held office at the time of the two preceding Annual General Meetings and who did not retire at either of them, or (iii) have held office (other than employment or executive office) for a continuous period of nine years or more, shall automatically retire.

At the meeting at which the Director retires, the members may pass an ordinary resolution to fill the office being vacated by electing the retiring Director or some other person eligible for appointment to that office. In default, the retiring Director shall be deemed to have been elected or re-elected (as the case may be) unless (i) it is expressly resolved at the meeting not to fill the vacated office or the resolution of such election or re-election is put to the meeting and lost, or (ii) such Director has given notice that he or she is unwilling to be elected or re-elected, or (iii) the procedural requirements set out in the Company's Articles of Association are contravened.

The Company may, by ordinary resolution, remove any Director before the expiration of his or her term of office.

As set out in the Company's Articles of Association, there are also circumstances where a Director will immediately cease to hold office. These circumstances include where he or she is prohibited by law from being or acting as a Director or where he or she has been made bankrupt.

## Directors' indemnities and insurance

In accordance with the Companies Act 2006 and the Company's Articles of Association, the Company has purchased Directors' and Officers' Liability Insurance. The indemnity was in force throughout the last financial year and is currently in force at the date of this report. The Company reviews its insurance policies on an annual basis in order to satisfy itself that its level of cover remains adequate.

## Directors' share interests

The number of ordinary shares of the Company in which the Directors are beneficially interested at 3 April 2022 is set out in the Remuneration Committee Report on page 89.

## Articles of Association

Any amendments to the Articles of Association of the Company may be made by special resolution of the shareholders.

## Share capital

Details of the Company's share capital are set out in note 23 to the financial statements. The Company's share capital consists of one class of ordinary shares which do not carry rights to fixed income. As at 3 April 2022, there were 158,718,709 ordinary shares of 25p each in issue.

A new authority to allot shares will be sought at the forthcoming Annual General Meeting.

## Voting rights

Ordinary shareholders are entitled to receive notice of, and in normal circumstances to attend and speak at, general meetings. Each shareholder present in person or by proxy (or by duly authorised corporate representative) shall, on a show of hands, have one vote. On a poll, each shareholder present in person or by proxy shall have one vote for each share held.



### Restrictions on transfer of shares

Other than the general provisions of the Articles of Association (and prevailing legislation) there are no specific restrictions on the size of a holding or on the transfer of the ordinary shares.

The Directors are not aware of any agreements between the Company's shareholders that may result in the restriction of the transfer of securities or on voting rights. No shareholder holds securities carrying any special rights or control over the Company's share capital.

### Significant shareholders

The Company had been advised of the following notifiable direct and indirect interests in 3% or more of its issued share capital as at 1 June 2022.

Shareholder	Number of ordinary shares of 25p each	Percentage of total voting rights
NR Holdings Limited <sup>1</sup>	38,964,581	24.55
Ruffer LLP	10,850,550	6.84
Hargreaves Lansdown Asset Management	8,813,990	5.55
Investec Wealth & Investment	8,084,329	5.09
Interactive Investor	6,554,222	4.13
Cannacord Genuity Wealth Management	6,273,173	3.95
Herald Investment Management	5,038,020	3.17

<sup>1</sup> The Executive Chairman, Nathaniel Rothschild, is a beneficiary of NR Holdings. The number of shares noted here also includes those he holds directly.

### Authority to purchase own shares

The Company was authorised by shareholder resolution at the 2021 Annual General Meeting to purchase up to 10% of its issued share capital. No shares were purchased pursuant to this authority during the year. A resolution to renew this authority will be proposed at the forthcoming Annual General Meeting. Under this authority, any shares purchased will either be cancelled, resulting in a reduction of the Company's issued share capital, or held in treasury.

### Employee share schemes

The Company does not have any employee share schemes with shares which have rights with regard to the control of the Company that are not exercisable directly by the employees.

### Significant agreements/change of control

The Company is a party to a revolving credit facility in which the counterparties can determine whether or not to cancel the agreement where there has been a change of control of the Company.

Details of the Directors' service contracts can be found in the Remuneration Committee Report on pages 81 and 82.

### Future developments

The development of the business is detailed in the Strategic Report on pages 12 to 54.

### Research and development

The Company's research and development activities are focused on driving innovation throughout the product portfolio, to enable it to deliver new or enhanced customer-specific connection solutions. We have continued to recruit design and development expertise and pursue the development of patents where relevant.

### Employees

The Company's disclosures on employee policies and involvement can be found in the Sustainability Report on pages 51 to 53.

### Relationships with suppliers, customers and other business partners

Information on the Company's management of its business relationships can be found in the Strategic Report on page 44.

### Corporate governance

The Company follows and complies with, subject to some exceptions, the provisions of the Quoted Companies Alliance's Corporate Governance Code. The Company's corporate governance practice is outlined in the Corporate Governance Report on pages 62 to 67.

### Political and charitable donations

The Group regularly contributes to local communities through fundraising and charity events. The Company did not make any political donations during the year.

### Energy use and emissions

The disclosures on energy use and greenhouse gas emissions are made within the Sustainability Report on page 49.

### Financial risk management

The Company's objectives and policies on financial risk management, including information on the exposure of the Company to strategic, operational, financial and compliance risks, are set out in note 31 to the financial statements and in the Group Risk Management section on pages 38 to 43.

### Overseas branches

During the year, no new or additional overseas branches were established. The Company closed its overseas branch in Sweden during the year.

# Directors' Report

## Going concern statement

The considerations made by the Directors with regards to going concern are set out in the Performance and Financial Review on pages 36 and 37.

Having taken these into account, the Directors have, at the time of approving the financial statements, a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for at least 12 months from the date of these financial statements. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

92

## Auditors and disclosure of information to auditors

Each of the persons who is a Director at the date of approval of this Annual Report confirms that:

- ▶ So far as the Director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- ▶ The Director has taken all the steps that he or she ought to have taken as a Director in order to make himself or herself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

The above confirmation is given and should be interpreted in accordance with the provisions of Section 418 of the Companies Act 2006.

PricewaterhouseCoopers LLP have expressed their willingness to continue in office as auditors and a resolution seeking to reappoint them will be proposed at the forthcoming Annual General Meeting.

## Annual General Meeting

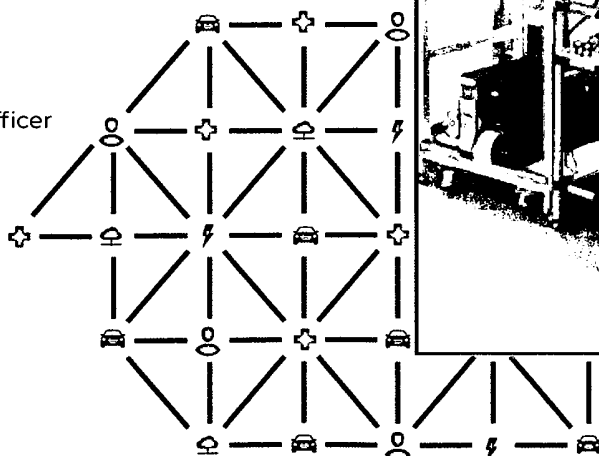
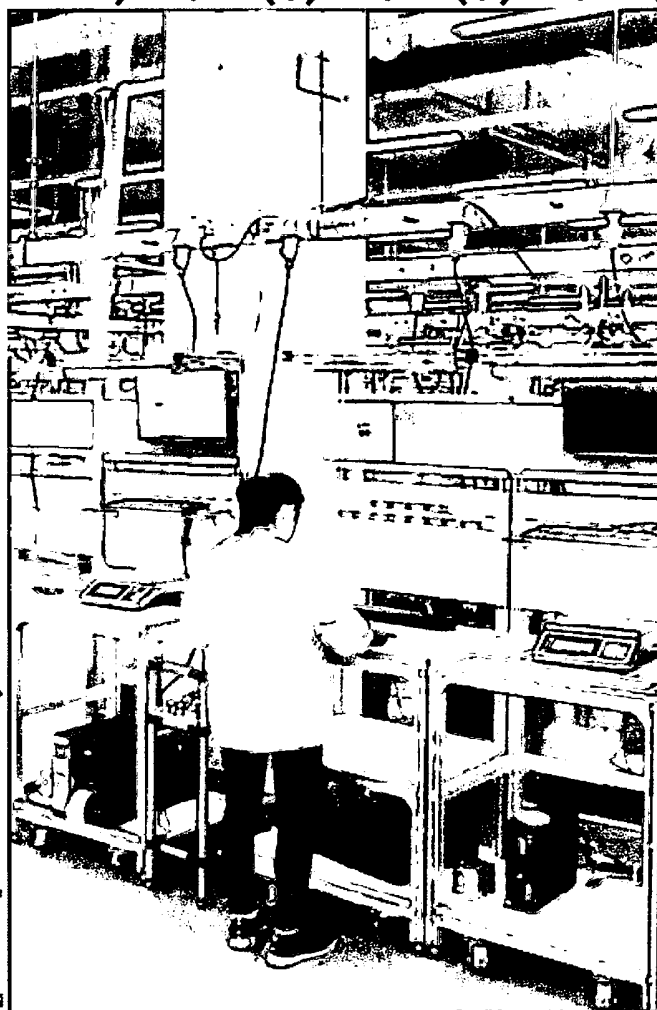
The Company's Annual General Meeting will be held on 19 August 2022. Details of the arrangements and the resolutions to be proposed are set out in a separate Notice of Annual General Meeting. Shareholders will be encouraged to participate remotely in view of the ongoing situation with Covid-19 and details of how this will be arranged will be released in due course.

This report was approved by the Board of Directors of Volex plc and signed on its order by:



**Jon Boaden**  
Chief Financial Officer

23 June 2022



# Statement of Directors' Responsibilities

in respect of the financial statements

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the group financial statements in accordance with UK-adopted international accounting standards and the company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law).

Under company law, 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 Company and of the profit or loss of the Group for that period. In preparing the financial statements, the directors are required to:

- ▶ select suitable accounting policies and then apply them consistently;
- ▶ state whether applicable UK-adopted international accounting standards have been followed for the group financial statements and United Kingdom Accounting Standards, comprising FRS 101 have been followed for the company financial statements, subject to any material departures disclosed and explained in the financial statements;
- ▶ make judgements and accounting estimates that are reasonable and prudent; and
- ▶ prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and company will continue in business.

The directors are also responsible for safeguarding the assets of the Group and Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's and Company's transactions and disclose with reasonable accuracy at any time the financial position of the group and company and enable them to ensure that the financial statements comply with the Companies Act 2006.

The directors are responsible for the maintenance and integrity of the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

By order of the Board

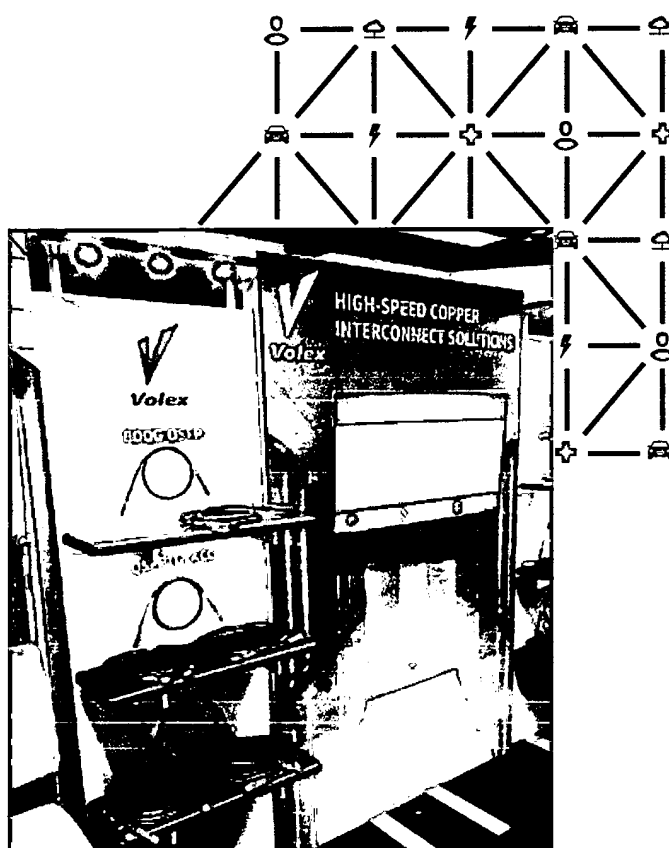
*Nathaniel Rothschild*

**Nathaniel Rothschild**  
Executive Chairman

*Jon Boaden*

**Jon Boaden**  
Chief Financial Officer

23 June 2022



# Independent Auditors' Report to the Members of Volex Plc

## Report on the audit of the financial statements

### Opinion

In our opinion:

- ▶ Volex plc's Group financial statements and Company financial statements (the "financial statements") give a true and fair view of the state of the Group's and of the Company's affairs as at 3 April 2022 and of the Group's profit and the Group's cash flows for the 52 week period then ended;
- ▶ the Group financial statements have been properly prepared in accordance with UK-adopted international accounting standards;
- ▶ the Company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law); and
- ▶ the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Accounts 2022 (the "Annual Report"), which comprise: the Consolidated and Company Statements of Financial Position as at 3 April 2022; the Consolidated Income Statement and Consolidated Statement of Comprehensive Income, the Consolidated and Company Statements of Changes in Equity, and the Consolidated Statement of Cash Flows for the period then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Independence

We remained independent of the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, as applicable to other listed entities of public interest, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

To the best of our knowledge and belief, we declare that non-audit services prohibited by the FRC's Ethical Standard were not provided.

We have provided no non-audit services to the Company or its controlled undertakings in the period under audit.

### Our audit approach

#### Overview

##### Audit scope

- ▶ We conducted a full scope audit of 9 components which were selected due to their size and risk characteristics.
- ▶ Specified audit procedures were performed on certain financial statement line items at a further 4 components.
- ▶ This enabled us to obtain 85% coverage of revenue, 87% of profit before tax, adjusting items and share based payments, 100% of adjusting items, and 62% of net assets of the Group. Desktop review procedures were performed on the remaining components.
- ▶ To ensure sufficient oversight of our component audit teams, the Group team performed a number of procedures throughout the audit which included directing the audit approach and procedures, site visits, conducting file reviews and meetings with local management and the component teams both remotely and in-person.

##### Key audit matters

- ▶ Accounting for business combinations (Group)
- ▶ Classification of adjusting Items (Group)

##### Materiality

- ▶ Overall Group materiality: US\$2,570,000 (2021: US\$1,750,000) based on 5% of profit before tax, adjusting items and share-based payments.
- ▶ Overall Company materiality: £600,000 (2021: £500,000) based on 1% of total assets capped at allocated component materiality.
- ▶ Performance materiality: US\$1,570,000 (2021: US\$1,312,500) (Group) and £450,000 (2021: £375,000) (Company).

### The scope of our audit

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements.

### Key audit matters

Key audit matters are those matters that, in the auditors' professional judgement, were of most significance in the audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by the auditors, 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, and any comments we make on the results of our procedures thereon, were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

This is not a complete list of all risks identified by our audit.

Recognition of deferred tax assets (Group and Company) and Impact of Covid-19 (Group and Company), which were key audit matters last year, are no longer included because of a reduction in the judgement involved in the Group and Company's ability to utilise the deferred tax assets arising from trading losses and the reduced impact of Covid-19 on the Group and Company respectively. Otherwise, the key audit matters below are consistent with last year.

KEY AUDIT MATTER	HOW OUR AUDIT ADDRESSED THE KEY AUDIT MATTER
<p><b>Accounting for business combinations (Group)</b></p> <p>As disclosed in Note 2 and Note 35 to the financial statements, during the year the Group acquired 100% of the issued share capital of Irvine Electronics, Inc ('Irvine'), Prodamex SA de CV ('Prodamex') and Terminal and Cable TC Inc ('TC') and 51% of the issued share capital of InYantra Technologies Pvt Ltd ('InYantra').</p> <p>The transactions are considered to be business combinations under IFRS 3. Accounting for business combinations is complex and involves judgement in the determination of the fair value of consideration paid and payable, and assessment of the fair value of assets and liabilities acquired. The fair value exercise resulted in an \$18.3m increase in goodwill and a \$15.3m increase in intangible assets.</p> <p>Where necessary, management utilised the services of valuation experts to help them determine the fair value of the assets and liabilities acquired and the translation of the opening balances from local GAAP to IFRS.</p> <p>TC and Prodamex were acquired under one sale and purchase agreement. The assessment of whether this was an acquisition of one or two businesses required management judgement.</p> <p>For InYantra, the acquisition of the land was finalised after the acquisition and year end date. Management has applied judgement in concluding that the land was part of the acquisition and hence included it in the provisional net assets acquired.</p> <p>Given the significance of the transactions and the complexity around the associated judgements and estimates, this is a key audit matter.</p>	<p>We obtained, read and understood the sale and purchase agreements and the impact on the business combination accounting.</p> <p>We obtained management's fair value calculations and evaluated the key judgements and estimates made by management in determining the fair value of net assets acquired; this included the identification of intangible assets related to customer relationships and the associated useful life. We undertook the following procedures:</p> <ul style="list-style-type: none"> <li>▶ We reviewed management's fair value assessment, which included understanding and reviewing the work of the third-party experts engaged by management. We assessed the competency, independence and objectivity of the experts engaged by management.</li> <li>▶ We used our valuation experts to evaluate the key assumptions, methodology, and discount rates used by management. We benchmarked these to external data and challenged the assumptions based on our knowledge of the Group and the industries within which the businesses operate.</li> <li>▶ We obtained management's fair value calculations of the consideration, including consideration for any contingent consideration and deferred consideration elements, and assessed the appropriateness of the calculations.</li> <li>▶ For TC and Prodamex which were acquired under one sale and purchase agreement, management has concluded that this was an acquisition of two businesses. We evaluated management's judgement on whether this was an acquisition of one or two businesses, determination of the fair value allocation of the consideration and subsequent goodwill to the respective entities. We note that the two entities operate in two different jurisdictions, serve different markets, have different processes, systems and management and are largely independent of each other. On this basis, we consider management's conclusion to be reasonable.</li> <li>▶ Regarding InYantra, we reviewed management's assumptions on including the land purchase as part of the acquisition. From review of the sale and purchase agreements, we noted that management was committed to the purchase at the date of acquisition as the terms of land purchase finalisation were included in the sale and purchase agreement for InYantra. We consider management's assumptions in including the land in the provisional net assets acquired to be reasonable.</li> <li>▶ For the assets and liabilities acquired, we tested a selection to supporting documentation and recalculated estimates to gain comfort over the fair value on acquisition. There were no material differences.</li> <li>▶ In respect of the fair value of the intangibles, we obtained management's discounted cash flow calculations and assessed the reasonableness of the assumptions. Key assumptions made by management included discount rate, forecast sales, gross profit margins, operating profit margins, customer attrition rate and the estimated economic life of the acquired intangibles.</li> </ul> <p>Based on our procedures, we found no exceptions and overall considered management's key assumptions to be reasonable. We also reviewed the related disclosures in the notes to the financial statements for compliance with accounting standards and consistency with the results of our work, with no matters arising.</p>

# Independent Auditors' Report to the Members of Volex Plc

## KEY AUDIT MATTER

### Classification of adjusting items (Group)

As disclosed in Note 2 and Note 4 to the financial statements, the Directors have separately classified \$10.8m (2021: \$5.6m) of adjusting items and the associated tax impact as 'adjusting items' in the Consolidated Income Statement, disclosure of which they believe helps to understand the underlying performance of the business.

The Directors have assessed the adjusting items included in note 4 to include non-recurring items (such as one-off income and expenses, acquisition-related costs, restructuring costs) and amortisation of acquired intangible assets which have arisen under IFRS 3 Business Combinations. These have been classified as adjusting items in line with the Group's accounting policy in note 2.

We focused on this area because of the magnitude of these items, and the impact that they have on the presentation of underlying profit in comparison to the statutory measure of profit.

## HOW OUR AUDIT ADDRESSED THE KEY AUDIT MATTER

We obtained management's detailed listing of adjusting items and our procedures included the following:

Testing that they have been classified in accordance with the Group's accounting policy for adjusting items, as described in note 2, and applying professional scepticism as to the appropriateness of the classification of these items as adjusting items considering their nature and value and ensuring that they were not given greater prominence than the statutory results;

- ▶ For acquisition-related costs, we assessed whether the costs were related to the acquisitions and had been incurred pre year end, and were one-off in nature; we agreed a sample of costs to invoices;
- ▶ We tested the amortisation of acquired intangibles in line with the Group accounting policies with no issues identified;
- ▶ We tested that the reconciliation of underlying operating profit to statutory measures as shown in note 7 is accurate; and
- ▶ We assessed that the appropriateness and completeness of disclosures included in the Group financial statements reflected the output of management's positions in respect of these adjusting items, noting no significant deviations.

Overall, we consider the position taken by management to be reasonable.

### How we tailored the audit scope

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the Group and the Company, the accounting processes and controls, and the industry in which they operate.

In establishing the overall approach to the Group audit, we determined the type of work that needed to be performed by us, as the Group audit team, or through involvement of our component auditors. The Group operates across multiple countries in Asia, Europe and North America. Our approach gives us sufficient coverage on all segments.

Where work was performed by component auditors, we determined the level of involvement we needed to have in the audit work for each reporting unit to be able to conclude whether sufficient appropriate audit evidence had been obtained as a basis for our opinion on the Group financial statements as a whole. With the easing of Covid-19 travel restrictions, we were able to perform site visits to Volex Inc, DE-KA, Volex (Asia) Pte, and G.T.K. For all the other components, we conducted our oversight of the component teams through conference calls, video conferencing and remote working paper reviews and other forms of communication as considered necessary to satisfy ourselves as to the appropriateness of audit work performed by our component teams.

The Group audit team performed the work over Servatron, G.T.K. (U.K.) and the head office branch of the Company, with our component auditors in Poland performing the work in respect of the significant branches of the Company for which the books and records are located in that territory. The Group audit team performed the audit of the consolidation.

We identified 9 components which, in our view, required an audit of their complete financial information, either due to their size or risk characteristics. This included the operating subsidiaries in England, Turkey, China, Republic of Ireland, Indonesia, Mexico and Poland. Specified audit procedures on certain financial statement line items were also performed on a further 4 components. The above gave us coverage of 85% of revenue, 87% of profit before tax, adjusting items and share based payments, 100% of adjusting items, and 62% of net assets of the Group. Desktop review procedures were performed on all other components. As a whole, these procedures gave us the evidence we needed for our opinion on the Group financial statements.

### Materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

	FINANCIAL STATEMENTS - GROUP	FINANCIAL STATEMENTS - COMPANY
<b>Overall materiality</b>	US\$2,570,000 (2021: US\$1,750,000).	£600,000 (2021: £500,000).
<b>How we determined it</b>	5% of profit before tax, adjusting items and share-based payments	1% of total assets capped at allocated component materiality
<b>Rationale for benchmark applied</b>	We consider profit before tax, adjusting items and share-based payments to provide an accurate depiction of the underlying profitability of the business and to be the primary measure used by shareholders in assessing the performance of the Group.	Total assets was considered an appropriate benchmark to use due to the Company's status primarily as an investment holding Company. However, this would have given a materiality level in excess of the materiality allocated to the component determined through our Group scoping exercise. Accordingly, Company materiality was capped at the Group component materiality allocation.

For each component in the scope of our Group audit, we allocated a materiality that is less than our overall Group materiality. The range of materiality allocated across components was between US\$400,000 and US\$1,800,000. Certain components were audited to a local statutory audit materiality that was also less than our overall Group materiality.

We use performance materiality to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds overall materiality. Specifically, we use performance materiality in determining the scope of our audit and the nature and extent of our testing of account balances, classes of transactions and disclosures, for example in determining sample sizes. Our performance materiality was 75% (2021: 75%) of overall materiality, amounting to US\$1,570,000 (2021: US\$1,312,500) for the Group financial statements and £450,000 (2021: £375,000) for the Company financial statements.

In determining the performance materiality, we considered a number of factors - the history of misstatements, risk assessment and aggregation risk and the effectiveness of controls - and concluded that an amount at the upper end of our normal range was appropriate.

We agreed with those charged with governance that we would report to them misstatements identified during our audit above \$128,500 (Group audit) (2021: \$87,500) and £96,000 (Company audit) (2021: £25,000) as well as misstatements below those amounts that, in our view, warranted reporting for qualitative reasons.

### Conclusions relating to going concern

Our evaluation of the Directors' assessment of the Group's and the Company's ability to continue to adopt the going concern basis of accounting included:

- ▶ Obtaining and reviewing the Group and Company cash flow forecasts for the going concern period, challenging the Directors' assumptions used and verifying that these were consistent with our existing knowledge and understanding of the business, as well as with the Board-approved budget;
- ▶ Reviewing the Group and Company cash flow forecasts for both the base case and a severe but plausible downside scenario, evaluating the assumptions used, and verifying the Group's and Company's ability to maintain liquidity within the going concern period under these scenarios;
- ▶ Testing the model for mathematical accuracy and assessing the reasonableness of sensitivities performed by management;
- ▶ We read and understood the key terms of its committed debt facilities to understand any terms and tested compliance with the loan covenants; and
- ▶ Assessing the adequacy of the disclosure provided in note 2 'Basis of Accounting' of the financial statements.

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 and the 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.

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.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the Group's and the Company's ability to continue as a going concern.

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

# Independent Auditors' Report to the Members of Volex Plc

## Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The Directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, 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 audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. 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 based on these responsibilities.

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

## Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the period ended 3 April 2022 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the Group and Company and their environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Directors' Report.

## Responsibilities for the financial statements and the audit

### Responsibilities of the Directors for the financial statements

As explained more fully in the Statement of Directors' Responsibilities in respect of the financial statements, the Directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The Directors are also responsible for such internal control as they 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 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 Company or to cease operations, or have no realistic alternative but to do so.

### Auditors' 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 auditors' 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the Group and industry, we identified that the principal risks of non-compliance with laws and regulations related to compliance with corporate tax legislation in jurisdictions in which the Group operates, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries to manipulate financial results and potential management bias in accounting estimates. The Group engagement team shared this risk assessment with the component auditors so that they could include appropriate audit procedures in response to such risks in their work. Audit procedures performed by the Group engagement team and/or component auditors included:

- ▶ Enquiry of Directors, management and the Company's in-house legal and compliance team around actual and potential non-compliance with laws and regulations and fraud;
- ▶ Inspection of supporting documentation, where appropriate;
- ▶ Evaluation of management's controls designed to prevent and detect irregularities;
- ▶ Reviewing minutes of meetings of the Board of Directors;
- ▶ Identifying and testing journal entries, in particular any journal entries posted with unusual account combinations;



- ▶ Challenging assumptions and judgements made by management in relation to their significant accounting judgements and estimates; and
- ▶ Review of related work performed by the component audit teams, including their responses to risks related to management override of controls and to the risk of fraud in revenue recognition.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

Our audit testing might include testing complete populations of certain transactions and balances, possibly using data auditing techniques. However, it typically involves selecting a limited number of items for testing, rather than testing complete populations. We will often seek to target particular items for testing based on their size or risk characteristics. In other cases, we will use audit sampling to enable us to draw a conclusion about the population from which the sample is selected.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditors' report.

#### Use of this report

This report, including the opinions, has been prepared for and only for the Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

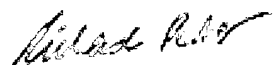
### Other required reporting

#### Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have no exceptions to report arising from this responsibility.



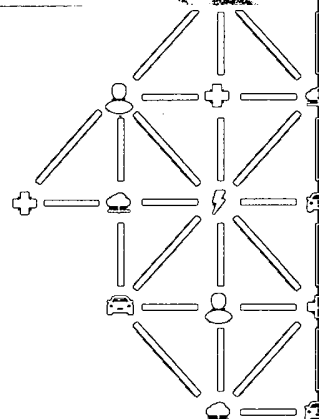
**Richard Porter (Senior Statutory Auditor)**

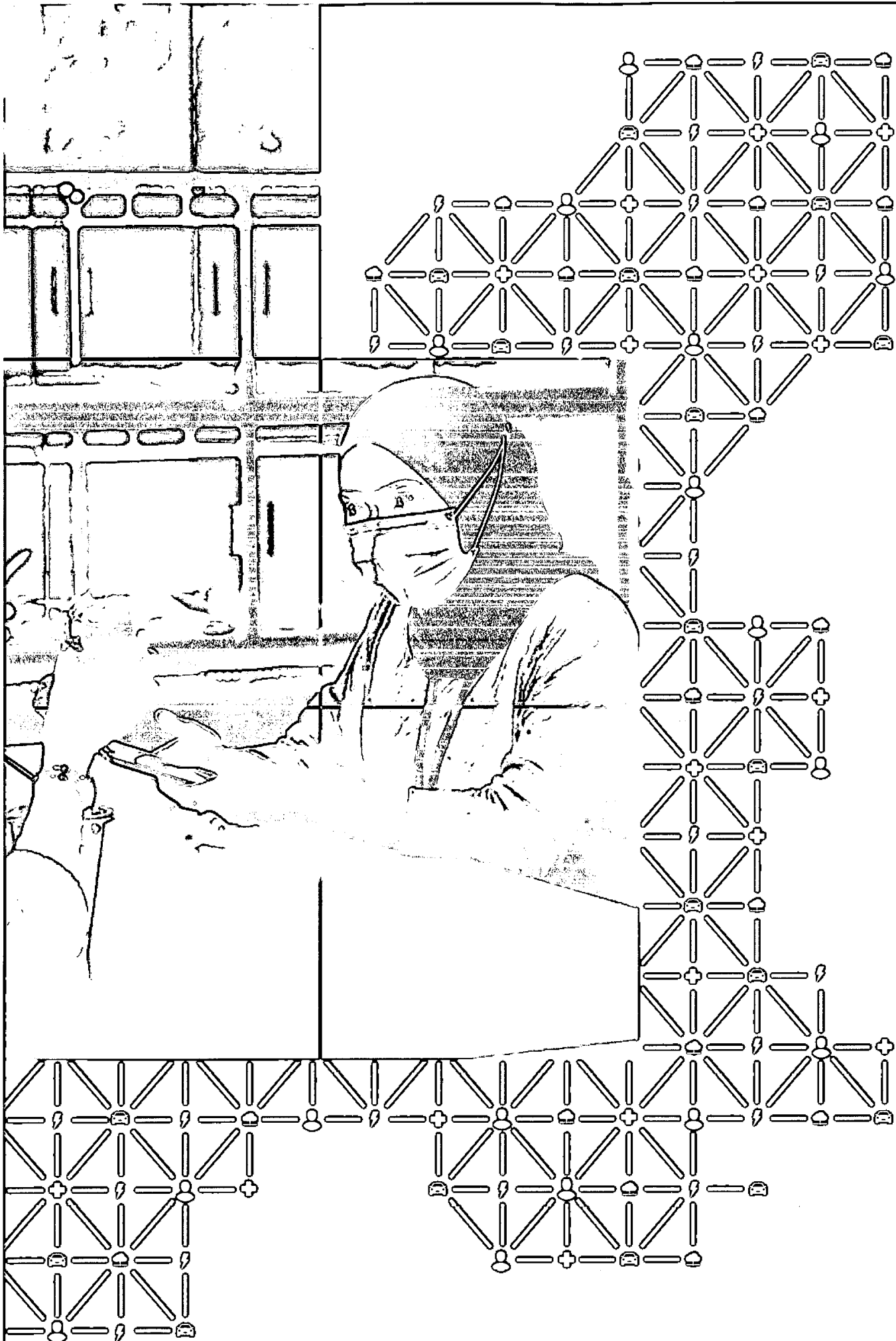
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
London

23 June 2022

# Financials

Consolidated Income Statement	102
Consolidated Statement of Comprehensive Income	103
Consolidated Statement of Financial Position	104
Consolidated Statement of Changes in Equity	105
Consolidated Statement of Cash Flows	106
Notes to the Financial Statements	107
Company Statement of Financial Position	149
Company Statement of Changes in Equity	150
Notes to the Company Financial Statements	151
Five Year Summary	163
Shareholder Information	164





# Consolidated Income Statement

For the 52 weeks ended 3 April 2022 (52 weeks ended 4 April 2021)

	Notes	2022			2021		
		Before adjusting items and share-based payments \$'m	Adjusting items and share-based payments (Note 4) \$'m	Total \$'m	Before adjusting items and share-based payments \$'m	Adjusting items and share-based payments (Note 4) \$'m	Total \$'m
<b>Revenue</b>	3	<b>614.6</b>	–	<b>614.6</b>	443.3	–	443.3
Cost of sales		<b>(488.8)</b>	–	<b>(488.8)</b>	(339.4)	–	(339.4)
Gross profit		<b>125.8</b>	–	<b>125.8</b>	103.9	–	103.9
Operating expenses		<b>(69.6)</b>	<b>(15.2)</b>	<b>(84.8)</b>	(61.0)	(12.2)	(73.2)
<b>Operating profit</b>		<b>56.2</b>	<b>(15.2)</b>	<b>41.0</b>	42.9	(12.2)	30.7
Share of net profit from associates and joint ventures	16	<b>0.4</b>	–	<b>0.4</b>	0.8	–	0.8
Finance income	5	<b>0.3</b>	–	<b>0.3</b>	0.3	–	0.3
Finance costs	6	<b>(5.5)</b>	–	<b>(5.5)</b>	(2.4)	–	(2.4)
Profit on ordinary activities before taxation		<b>51.4</b>	<b>(15.2)</b>	<b>36.2</b>	41.6	(12.2)	29.4
Taxation	10	<b>(9.1)</b>	<b>3.3</b>	<b>(5.8)</b>	7.2	2.3	9.5
<b>Profit for the period attributable to the owners of the parent</b>	7	<b>42.3</b>	<b>(11.9)</b>	<b>30.4</b>	48.8	(9.9)	38.9
Earnings per share (cents)							
Basic	11	<b>26.9</b>		<b>19.3</b>	32.1		25.5
Diluted	11	<b>25.2</b>		<b>18.1</b>	30.0		23.9

The notes on pages 107 to 148 are an integral part of these financial statements.

# Consolidated Statement of Comprehensive Income

For the 52 weeks ended 3 April 2022 (52 weeks ended 4 April 2021)

	Notes	2022 \$'m	2021 \$'m
<b>Profit for the period</b>		<b>30.4</b>	38.9
<b>Items that will not be reclassified subsequently to profit or loss</b>			
Actuarial gain/(loss) on defined benefit pension schemes	30	0.7	(1.1)
Tax relating to items that will not be reclassified		(0.1)	0.5
		0.6	(0.6)
<b>Items that may be reclassified subsequently to profit or loss</b>			
Gain arising on cash flow hedges during the period		0.1	1.9
Exchange (loss)/gain on translation of foreign operations		(5.9)	3.2
Tax relating to items that may be reclassified		0.1	0.3
		(5.7)	5.4
<b>Other comprehensive (expense)/income for the period</b>		<b>(5.1)</b>	4.8
<b>Total comprehensive income for the period attributable to the owners of the parent</b>		<b>25.3</b>	43.7

The notes on pages 107 to 148 are an integral part of these financial statements.


# Consolidated Statement of Financial Position

As at 3 April 2022 (4 April 2021)

	Notes	2022 \$'m	2021 RESTATED \$'m
<b>Non-current assets</b>			
Goodwill	12	82.9	68.0
Other intangible assets	13	47.0	39.6
Property, plant and equipment	14	43.4	32.4
Right-of-use-asset	15	19.4	18.0
Interests in associates and joint ventures	16	1.5	0.9
Other receivables	18	2.1	4.4
Deferred tax assets	21	20.6	22.0
		<b>216.9</b>	<b>185.3</b>
<b>Current assets</b>			
Inventories	17	119.3	76.9
Trade receivables	18	119.0	100.3
Other receivables	18	16.7	10.3
Current tax assets		1.9	2.8
Derivative financial instruments	31	0.4	0.4
Cash and bank balances	28	29.1	36.5
		<b>286.4</b>	<b>227.2</b>
<b>Total assets</b>		<b>503.3</b>	<b>412.5</b>
<b>Current liabilities</b>			
Borrowings	19	5.0	9.6
Lease liabilities	19	4.3	4.6
Trade payables	20	84.7	72.1
Other payables	20	61.9	58.9
Current tax liabilities		10.1	9.5
Retirement benefit obligations	30	1.1	1.1
Provisions	22	2.3	1.8
Derivative financial instruments	31	0.1	–
		<b>169.5</b>	<b>157.6</b>
<b>Net current assets</b>		<b>116.9</b>	<b>69.6</b>
<b>Non-current liabilities</b>			
Borrowings	19	98.5	34.2
Lease liabilities	19	16.6	15.4
Other payables	20	1.0	9.1
Deferred tax liabilities	21	7.0	7.8
Retirement benefit obligations	30	2.0	4.1
Provisions	22	0.2	0.3
		<b>125.3</b>	<b>70.9</b>
<b>Total liabilities</b>		<b>294.8</b>	<b>228.5</b>
<b>Net assets</b>		<b>208.5</b>	<b>184.0</b>
<b>Equity</b>			
Share capital	23	62.5	62.0
Share premium account	23	60.9	60.9
Non-distributable reserve	24	2.5	2.5
Hedging and translation reserve		(9.8)	(4.1)
Own shares	24	(0.2)	(3.3)
Retained earnings		85.2	66.0
<b>Total attributable to owners of the parent</b>		<b>201.1</b>	<b>184.0</b>
Non-controlling interests	25	7.4	–
<b>Total equity</b>		<b>208.5</b>	<b>184.0</b>

RESTATED: In accordance with IFRS 3 the Group has amended provisional fair value associated with an acquisition completed in the prior period. This has led to an increase in Goodwill and contingent consideration which is included in other payables. See note 35 for further information.

The notes on pages 107 to 148 are an integral part of these financial statements. The consolidated financial statements on pages 102 to 148 of Volex plc (company number: 158956) were approved by the Board of Directors and authorised for issue on 23 June 2022 and signed on its behalf by:

 Nathaniel Rothschild  
Executive Chairman

 Jon Boaden  
Chief Financial Officer

# Consolidated Statement of Changes in Equity

For the 52 weeks ended 3 April 2022 (52 weeks ended 4 April 2021)

	Notes	Share capital \$'m	Share premium account \$'m	Non-distributable reserves \$'m	Hedging and translation reserve \$'m	Own shares \$'m	Retained earnings \$'m	Equity attributable to owners \$'m	Non-controlling interests \$'m	Total equity \$'m
<b>Balance at 5 April 2020</b>		60.3	46.5	2.5	(9.5)	(1.0)	32.0	130.8	-	130.8
Profit for the period attributable to the owners of the parent		-	-	-	-	-	38.9	38.9	-	38.9
Other comprehensive income/(expense) for the period		-	-	-	5.4	-	(0.6)	4.8	-	4.8
Total comprehensive income for the period		-	-	-	5.4	-	38.3	43.7	-	43.7
Share issue	23	1.6	14.4	-	-	-	-	16.0	-	16.0
Exercise of deferred bonus shares	23	0.1	-	-	-	-	(0.1)	-	-	-
Own shares sold/ (utilised) in the period	24	-	-	-	-	1.7	(3.1)	(1.4)	-	(1.4)
Own shares purchased in the period	24	-	-	-	-	(4.0)	-	(4.0)	-	(4.0)
Dividend	26	-	-	-	-	-	(6.0)	(6.0)	-	(6.0)
Credit to equity for equity-settled share-based payments		-	-	-	-	-	0.1	0.1	-	0.1
Tax effect of share options		-	-	-	-	-	4.8	4.8	-	4.8
<b>Balance at 4 April 2021</b>		62.0	60.9	2.5	(4.1)	(3.3)	66.0	184.0	-	184.0
Profit for the period attributable to the owners of the parent		-	-	-	-	-	30.4	30.4	-	30.4
Other comprehensive (expense)/income for the period		-	-	-	(5.7)	-	0.6	(5.1)	-	(5.1)
Total comprehensive income for the period		-	-	-	(5.7)	-	31.0	25.3	-	25.3
Share issue	23	0.5	-	-	-	-	(0.5)	-	-	-
Business combination	35	-	-	-	-	-	-	-	7.4	7.4
Own shares sold/ (utilised) in the period	24	-	-	-	-	7.5	(7.5)	-	-	-
Own shares purchased in the period	24	-	-	-	-	(4.4)	-	(4.4)	-	(4.4)
Dividend	26	-	-	-	-	-	(7.2)	(7.2)	-	(7.2)
Credit to equity for equity-settled share-based payments		-	-	-	-	-	4.2	4.2	-	4.2
Tax effect of share options		-	-	-	-	-	(0.8)	(0.8)	-	(0.8)
<b>Balance at 3 April 2022</b>		62.5	60.9	2.5	(9.8)	(0.2)	85.2	201.1	7.4	208.5

# Consolidated Statement of Cash Flows

For the 52 weeks ended 3 April 2022 (52 weeks ended 4 April 2021)

	Notes	2022 \$'m	2021 \$'m
<b>Net cash generated from operating activities</b>	28	<b>18.5</b>	38.7
<b>Cash flow used in investing activities</b>			
Interest received		0.1	–
Acquisition of businesses, net of cash acquired	35	(35.7)	(40.9)
Contingent consideration for businesses acquired	35	(19.2)	(1.3)
Proceeds on disposal of intangible assets, property, plant and equipment		0.5	0.4
Purchases of property, plant and equipment		(10.8)	(7.7)
Purchases of intangible assets		(4.2)	(0.1)
Proceeds from the repayment of preference shares	16	–	–
<b>Net cash used in investing activities</b>		<b>(69.3)</b>	(49.6)
<b>Cash flows before financing activities</b>		<b>(50.8)</b>	(10.9)
Cash used before adjusting items		(48.8)	(10.5)
Cash utilised in respect of adjusting items		(2.0)	(0.4)
<b>Cash flow generated from financing activities</b>			
Dividend paid	26	(7.2)	(6.0)
Net purchase of shares for share schemes		(5.1)	(9.1)
Refinancing costs paid	27	(2.5)	(1.1)
New bank loans raised	27	69.3	37.2
Repayment of borrowings	27	(3.4)	(3.1)
(Outflow)/inflow from factoring	27	(6.0)	0.5
Interest element of lease payments	27	(1.0)	(0.7)
Receipt from lease debtor		0.5	0.5
Capital element of lease payments	27	(4.2)	(3.7)
<b>Net cash generated from financing activities</b>		<b>40.4</b>	14.5
<b>Net (decrease)/increase in cash and cash equivalents</b>		<b>(10.4)</b>	3.6
<b>Cash and cash equivalents at beginning of period</b>	28	<b>36.5</b>	31.7
Effect of foreign exchange rate changes	27	(0.2)	1.2
<b>Cash and cash equivalents at end of period</b>	28	<b>25.9</b>	36.5

The notes on pages 107 to 148 are an integral part of these financial statements.



# Notes to the Financial Statements

For the 52 weeks ended 3 April 2022 (52 weeks ended 4 April 2021)

## 1. Presentation of financial statements

Vollex plc ('the Company' and together with its subsidiaries 'the Group') is a public company limited by shares domiciled and incorporated in the United Kingdom under the Companies Act 2006. Its shares are listed on AIM, a market on the London Stock Exchange. The address of the registered office is given on page 164. The nature of the Group's operations and its principal activities are set out in the Strategic Report on pages 12 to 54.

Financial statements are prepared for the period ending on the Sunday following the Friday that falls closest to the accounting reference date of 31 March each year.

These financial statements are presented in US dollars ('USD'). The individual financial results of each Group subsidiary are maintained in its functional currency, which is determined by reference to the primary economic environment in which the subsidiary operates.

## 2.a) Significant accounting policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

### Basis of accounting

On 31 December 2020, IFRS as adopted by the European Union at that date was brought into UK law and became UK-adopted International Accounting Standards, with future changes being subject to endorsement by the UK Endorsement Board. Vollex plc transitioned to UK-adopted International Accounting Standards in its financial statements on 5 April 2021. This change constitutes a change in accounting framework. However, there is no impact on recognition, measurement or disclosure in the period reported as a result of the change in framework.

The financial statements have been prepared in accordance with UK-adopted international accounting standards in conformity with the requirements of the Companies Act 2006.

The financial statements have been prepared under the historical cost convention except for the revaluation of financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

### Going concern

The Group's financial statements have been prepared on the going concern basis, which contemplates the continuity of normal business activity and the realisation of assets and the settlement of liabilities in the normal course of business. When assessing the going concern status of the Group, the Directors have considered in particular its financial position, including its significant balance of cash and cash equivalents and the borrowing facility in place, including its terms, remaining duration and covenants.

The Directors have prepared a cash flow forecast for the period to the end of September 2023, which is based on the FY2023 Board-approved budget. The Directors have sensitised the cash flow forecast using a base case and downside scenario that take into account the principal risks and uncertainties set out on pages 38 to 43 of the Annual Report and the potential future impact from Covid-19. The sensitivity analysis includes a severe but plausible downside scenario which models a 15% reduction in year-on-year revenue, equivalent to the worst result in recent history, which still provides significant covenant headroom.

Based on their assessment and these sensitivity scenarios, the Directors are satisfied that there are no material uncertainties that cast doubt on the Group's going concern status and that there is a reasonable expectation that the Group has adequate resources to continue in operational existence for at least twelve months from the date of approval of the financial statements. The Directors therefore consider it appropriate to adopt the going concern basis of accounting in preparing the financial statements.

### Adoption of new and revised International Financial Reporting Standards ('IFRSs')

No new standards and interpretations issued by the IASB had a significant impact on the Consolidated Financial Statements.

### New standards, amendments and interpretations issued but not yet effective for the financial year beginning 4 April 2022 and not early adopted

The Group does not consider that any standard, amendment or interpretation issued by the IASB, but not yet applicable, will have a significant impact on the financial statements. Standards and interpretations issued by the IASB are only applicable if endorsed by the UK Endorsement Board.

### Basis of consolidation

The consolidated financial statements of Vollex plc incorporate the financial statements of the Company and entities which it controls (its subsidiaries) (together the 'Group'), and are drawn up to the relevant period end date. Control is achieved where the Company has the power to govern the financial and operating policies so as to be able to obtain benefits from its activities. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by the Group. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between the members of the Group are eliminated in full on consolidation.

Non-controlling interests in the net assets of consolidated subsidiaries are identified separately from the Group's equity therein. Non-controlling interests consist of the amount of those interests at the date of the original business combination and the non-controlling shareholder's share of changes in equity since the date of the combination.

### Business combinations

Acquisitions of subsidiaries and businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of acquisition-date fair values of assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interest issued by the Group in exchange for control of the acquiree. All acquisition-related costs are recognised in profit or loss within adjusting items as incurred.

# Notes to the Financial Statements

For the 52 weeks ended 3 April 2022 (52 weeks ended 4 April 2021)

## 2.a) Significant accounting policies CONTINUED

Goodwill is measured as the excess of the sum of the consideration transferred and the amount of any non-controlling interests in the acquiree over the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed. The interest of the non-controlling shareholders in the acquiree may initially be measured either at fair value or at the non-controlling shareholders' proportion of the net fair value of the identifiable assets acquired, liabilities and contingent liabilities assumed. The choice of measurement basis is made on an acquisition by-acquisition basis.

Where the consideration for the acquisition includes any asset or liability resulting from a contingent consideration arrangement, it is measured at its acquisition date fair value and included as part of the consideration transferred. Subsequent changes in the fair value of contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date. Any adjustments outside of the measurement period are taken to the income statement.

### Goodwill

Goodwill is initially recognised and measured as set out above.

Goodwill is not amortised but is tested annually for impairment. For the purpose of impairment testing, goodwill is allocated to cash-generating units. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, 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 on the basis of the carrying amount of each asset in the unit. The impairment loss is recognised immediately in profit and loss and is not reversed in subsequent periods.

On disposal of a subsidiary, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

Goodwill arising on acquisitions before the date of transition to IFRS has been retained at the previous UK GAAP amounts. Goodwill arising on acquisitions prior to 31 March 1998 has been written off to reserves and has not been reinstated in the statement of financial position and will not be included in determining any subsequent profit or loss on disposal.

### Interests in associates and joint ventures

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting. Under the equity method, the investment is initially recognised at cost, and the carrying amount is increased or decreased to recognise the investor's share of the change in net assets of the investee after the date of acquisition.

The Group's share of post-acquisition profit or loss is recognised in the income statement, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income, with a corresponding adjustment to the carrying amount of the investment. Where the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate. Distributions received from an associate reduce the carrying amount of the investment.

The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value, and it recognises the amount adjacent to 'share of profit/(loss) of associates' in the income statement.

### Foreign currencies

The individual financial statements of each Group company are prepared in the currency of the primary economic environment in which it operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position of each Group company are expressed in USD, which is the presentation currency for the consolidated financial statements.

In preparing the financial statements of the individual companies, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing on the dates of the transactions. At each reporting date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated. Exchange differences are recognised in profit or loss in the period in which they arise except for:

- ▶ Exchange differences on transactions entered into to hedge certain foreign currency risks (see below under financial instruments/hedge accounting); and
- ▶ Exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur in the foreseeable future (therefore forming part of the net investment in the foreign operation), which are recognised initially in other comprehensive income and reclassified from equity to profit or loss on disposal or partial disposal of the net investment.

## 2.a) Significant accounting policies CONTINUED

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated at exchange rates prevailing on the reporting date. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the date of transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity.

### Revenue recognition

Revenue is recognised in accordance with the satisfaction of performance obligations of contracts. The majority of the Group's contracts have just one performance obligation which is the delivery of goods, which under IFRS 15 Revenue is recognised as a single point, on delivery or pick-up depending on the agreed terms with the customer. This is normally when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. The Group has concluded that it is the principal in its revenue arrangements.

Revenue is measured at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, net of discounts, VAT and other sales-related taxes. For sales to customers where a right to return an item is granted, revenue is recognised to the extent of the consideration to which the Group ultimately expects to be entitled.

The Group considers whether there are additional commitments in contracts that have separate performance obligations to which a portion of the transaction price needs to be allocated. In addition, most customer contracts include a warranty clause for general repairs of defects that existed at the time of sale. Warranties cannot be purchased separately. These assurance-type warranties are accounted for under IAS 37 Provisions, Contingent Liabilities and Contingent Assets.

In determining the transaction price for the sale of equipment, the Group also considers the effects of the following:

- ▶ The existence of significant financing components. There are contracts where the Group receives short-term advances from its customers. Using the practical expedient in IFRS 15, the Group does not adjust the promised amount of consideration for the effects of a significant financing component if it expects, at contract inception, that the period between the transfer of the promised goods or services to the customer and when the customer pays for those goods or services will be one year or less. The normal credit term is 60 to 90 days upon delivery;
- ▶ Consideration payable to the customer – in certain instances the Group purchases raw materials from the customer. This consideration is not treated as a reduction to revenue since the payments made are in exchange for a distinct good (the raw material) that the customer transfers to the Group; and
- ▶ Variable consideration and non-cash consideration – both of these are deemed to be immaterial for the Group.

The Group also generates incidental revenue from the provision of engineering services which is recognised by reference to the stage of completion of the contracted services. No separate disclosures have been provided for this given it is immaterial to the financial statements.

### Finance income

Interest income is accrued on a timely basis by reference to the principal outstanding and the effective interest rate applicable.

Dividend income from investments is recognised when the shareholder's right to receive payment has been established.

### Finance costs

Finance costs comprise lease interest payable, amortised debt issue costs, interest expense on borrowings which are not capitalised and the interest expense on the defined benefit obligation. Finance costs are split between operating and financing activities in the statement of cash flows based upon the nature of the transaction.

### Taxation

The tax expense for the period comprises current and deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case the tax is recognised in other comprehensive income or directly in equity, respectively.

The tax currently payable is based on taxable profit for the period. Taxable profit differs from profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other periods and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates and laws that have been enacted or substantively enacted by the reporting date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit and is accounted for using the liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary differences arise from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

# Notes to the Financial Statements

For the 52 weeks ended 3 April 2022 (52 weeks ended 4 April 2021)

## 2.a) Significant accounting policies CONTINUED

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised based on tax rates and laws that have been enacted or substantively enacted by the reporting date. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited in other comprehensive income, in which case the deferred tax is also dealt with in other comprehensive income.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

### Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any recognised impairment loss. Cost includes the original purchase price of the asset and any further costs attributable to bringing the asset to its working condition for its intended use.

Depreciation is recognised so as to write off the cost or valuation of assets (other than freehold land which is not depreciated) less their residual values over their useful lives, using the straight-line method, on the following basis:

Freehold buildings and leasehold improvements	up to 50 years or period of lease, if shorter
Plant and machinery	3 to 15 years
Assets under construction	Depreciation commences once an asset is ready for its intended use

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying amount of the asset and is recognised in the income statement.

### Intangible assets – computer software and licences

Computer software is stated at cost less accumulated depreciation and any recognised impairment loss. Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and use the specific software. These costs are included in the statement of financial position within intangible assets and are amortised straight-line over their estimated useful lives, not exceeding five years. Costs associated with maintaining computer software are recognised as an expense as incurred.

### Intangible assets – patents and customer contracts and relationships

Separately acquired patents are stated at cost less accumulated amortisation. Customer contracts and relationships acquired in a business combination are recognised at fair value at the acquisition date. These intangible assets are amortised on a straight-line basis over their estimated useful lives as follows:

Customer contracts	up to 3 years
Customer relationships	5 – 15 years

### Intangible assets – internally generated intangible assets – research and development expenditure

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

The Group is engaged in development activities which include both general product development and specific customer development projects. An internally generated intangible asset arising from these development activities is recognised only if all of the following conditions are met:

- ▶ An asset is created that can be identified;
- ▶ It is probable that the asset created will generate future economic benefits; and
- ▶ The development cost of the asset can be measured reliably.

Internally generated intangible assets are amortised on a straight-line basis over their useful lives. Where no internally generated intangible asset can be recognised, development expenditure is recognised as an expense in the period in which it is incurred.

### Impairment of property, plant and equipment and intangible assets excluding goodwill

At each reporting date, the Group reviews the carrying amounts of its property, plant and equipment and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash-generating unit ('CGU') to which the asset belongs.

## 2.a) Significant accounting policies CONTINUED

Recoverable amount is the higher of fair value less costs to sell 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 CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or CGU) 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 CGU) in prior periods. A reversal of an impairment loss is recognised as a credit to the income statement immediately, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

### Leases

The Group leases various offices, buildings, vehicles and other equipment. Rental contracts are typically made for a period of up to five years, but may have extension options.

Contracts may contain both lease and non-lease components. The Company allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. However, for leases of real estate for which the Company is a lessee and for which it has major leases, it has elected not to separate lease and non-lease components and instead accounts for these as a single lease component.

Assets and liabilities arising from a lease are initially measured on a present-value basis. Lease liabilities include the net present value of the following lease payments:

- ▶ Fixed payments less any lease incentive receivable;
- ▶ Variable lease payments that are based on an index or a rate;
- ▶ Amounts expected to be payable by the Group under residual value guarantees;
- ▶ The exercise price of a purchase option if the Group is reasonably certain to exercise that option; and
- ▶ Payments of penalties for termination of the lease, if the lease term reflects the Group exercising that option.

The Company is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:

- ▶ The amount of the initial measurement of the lease liability or a revaluation of the liability;
- ▶ Any lease payments made at or before the commencement date less any lease incentives received;
- ▶ Any initial direct costs; and
- ▶ Restoration costs.

Each right-of-use asset is depreciated over the shorter of its useful economic life and the lease term on a straight-line basis unless the lease is expected to transfer ownership of the underlying asset to the Group, in which case the asset is depreciated to the end of the useful life of the asset. Payments associated with the short-term leases are recognised on a straight-line basis as an expense in the income statement. Short-term leases are leases with a lease term of 12 months or less.

Where a vacant office is sub-leased for the remainder of the lease, the head lease and sublease are recorded as two separate contracts, applying both the lessee and lessor accounting requirements.

### Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using a standard cost methodology and adjusted for material variances such that the adjusted figure represents direct materials, direct labour and an attributable proportion of manufacturing overheads based on normal levels of activity. Net realisable value is based on estimated selling price, less all estimated costs of completion and costs to be incurred in marketing, selling and distribution. Provision is made for obsolete, slow-moving or defective items where appropriate.

### Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value less bank overdrafts.

# Notes to the Financial Statements

For the 52 weeks ended 3 April 2022 (52 weeks ended 4 April 2021)

## 2.a) Significant accounting policies CONTINUED

### Borrowings

Interest-bearing bank loans and overdrafts are recorded at the proceeds received, net of direct issue costs. Finance charges, including premiums on settlement or redemption and direct issue costs, are accounted for on an accruals basis in the consolidated income statement using the effective interest rate method and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

### Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying value is the present value of those cash flows (when the effect of the time value of money is material).

Present obligations arising under onerous lease contracts are recognised and measured as provisions. An onerous contract is considered to exist where the Group has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it.

A restructuring provision is recognised when the Group has developed a detailed formal plan for restructuring and has raised a valid expectation to those affected that it will carry out the restructuring by starting to implement the plan or announcing its main features to those affected by it. The measurement of a restructuring provision includes only the direct expenditures arising from the restructuring, which are those amounts that are both necessarily entailed by the restructuring and not associated with ongoing activities of the entity.

Provisions for the expected cost of warranty obligations under local sales of goods legislation are recognised at the date of sale of the relevant products, at the Directors' best estimate of the expenditure required to settle the Group's obligation.

### Retirement benefits

The Group has both defined benefit and defined contribution retirement benefit schemes, including a defined benefit scheme in the UK which is now closed to new entrants and an unfunded defined benefit scheme in Indonesia which provides a lump sum payment to individuals on retirement. The retirement benefit obligations recognised in the consolidated statement of financial position represents the deficit or surplus in the Group's defined benefit scheme.

For defined benefit schemes, the cost of providing benefits is determined using the Projected Unit Credit Method, with actuarial valuations carried out at the end of each reporting period.

Defined benefit costs are split into three categories: Remeasurement; Net interest expense or income; and Past service cost and gains and losses on curtailments and settlements.

Remeasurement comprises actuarial gains and losses, the effect of the asset ceiling (where applicable) and the return on scheme assets (excluding interest). These costs are recognised immediately in the statement of financial position with a charge or credit to the statement of comprehensive income in the period in which they occur. Remeasurement recorded in the statement of comprehensive income is not recycled. Net interest is calculated by applying a discount rate to the net defined benefit liability or asset and is recognised within finance costs (see note 6). As the defined benefit scheme is now closed, no service cost is incurred.

Payments to defined contribution retirement benefit schemes are recognised as an expense when employees have rendered service entitling them to the contributions. Payments to state-managed schemes are treated as payments to defined contribution schemes where the Group's obligations under the schemes are equivalent to those arising in a defined contribution scheme.

### Share-based payments

Certain senior employees (including executives) receive remuneration in the form of share-based payment transactions where the individuals are compensated for services they provide with consideration in the form of equity instruments.

The cost of equity-settled transactions with employees is measured with reference to the fair value of the equity instrument at the date they are granted and is recognised as an expense over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the employee becomes fully entitled to the award.

No expense is recognised for awards that do not ultimately vest as a result of not meeting performance or service conditions. Where all service and performance vesting conditions have been met, the awards are treated as vesting, irrespective of whether or not the market condition is satisfied, as market conditions have been reflected in the fair value of the equity instruments.

The fair value determined at the date of grant of the equity-settled share-based payments is expensed to the income statement on a straight-line basis over the vesting period, based on the estimate of the number of options that will eventually vest. At each reporting date, the Group revises its estimate of the number of equity instruments expected to vest as a result of the effect of non-market-based vesting conditions. The movement in cumulative expense since the previous balance sheet date is recognised in the income statement, with a corresponding entry in equity.

## 2.a) Significant accounting policies CONTINUED

### Adjusting items

Adjusting items include costs and income that are one-off in nature and significant (such as restructuring costs, impairment charges or acquisition-related costs) but also include the non-cash amortisation charge of intangible assets which have arisen under IFRS 3 Business Combinations. Only those restructuring costs that result in a permanent reduction in capabilities, either to a particular geography or line of business, are treated as adjusting items.

Adjusting items are included under the statutory classification appropriate to their nature but are separately disclosed on the face of the income statement within adjusting items to assist in understanding the underlying performance of the Group.

### Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction from the proceeds, net of tax.

### Investments and other financial assets – classification

Financial assets within the scope of IFRS 9 Financial Instruments are classified as financial assets at fair value through profit or loss (FVTPL), financial assets at fair value through other comprehensive income (FVOCI) and financial assets at amortised cost.

The classification of financial assets is determined on initial recognition. This takes account of the nature of the financial asset and the purpose for which it was acquired. Where an asset is classified as fair value through profit or loss (FVTPL) it is measured at fair value. Any net gains and losses, including dividend income or interest, are recognised in finance income or finance cost in the income statement.

Financial assets classified as at fair value through other comprehensive income (FVOCI) are measured at fair value. For investments in equity instruments, dividends are recognised when the entity's right to receive payment is established, the amount can be measured reliably and it is probable that the economic benefits will flow to the entity. Dividends are recognised in the income statement unless they represent the recovery of part of the cost of the investment, in which case they are included in other comprehensive income.

Changes in the fair value of the financial asset are recognised in other comprehensive income and are not recycled to the income statement.

Financial assets that are held with the objective of collecting contractual cash flows and where the contractual terms of the financial asset give rise to cash flows on specified dates that represent the repayment of principal and interest are measured subsequently at amortised cost.

### Investments and other financial assets – recognition and measurement

Where an entity holds an investment in an equity instrument that is actively traded in an organised financial market, the fair value is determined with reference to quoted closing market bid prices at the balance sheet date. Where there is no such active market, fair value is determined using valuation techniques and models appropriate to the instrument.

Loans and receivables are measured at amortised cost using the effective interest method and taking into consideration any allowance for impairment. The calculation includes any premium or discount on acquisition and includes transaction costs and fees that are an integral part of the effective interest rate.

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method less any provision for impairment.

At each balance sheet date the Group undertakes an assessment as to whether a financial asset or group of financial assets is impaired.

### Trade and other receivables

For trade receivables, the Group applies the simplified approach permitted by IFRS 9, resulting in trade receivables recognised and carried at original invoice amount less an allowance for any uncollectible amounts based on expected credit losses. The Group assesses on a forward-looking basis the expected credit losses associated with its receivables carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

The carrying amounts of the trade receivables include receivables which are subject to a factoring arrangement. Under this arrangement, the Group has transferred the relevant receivables to the factor in exchange for cash and is prevented from selling or pledging the receivables. However, the Group has retained late payment and credit risk. The Group therefore continues to recognise the transferred assets in their entirety in its balance sheet. The amount repayable under the factoring agreement is presented as secured borrowing.

### Financial liabilities and equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

### Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

# Notes to the Financial Statements

For the 52 weeks ended 3 April 2022 (52 weeks ended 4 April 2021)

## 2.a) Significant accounting policies CONTINUED

### Government grants

Government grants relating to costs are deferred and recognised in profit or loss over the period necessary to match them with the costs that they are intended to compensate.

Government grants relating to the purchase of property, plant and equipment are included in non-current liabilities as deferred income and they are credited to profit or loss on a straight-line basis over the expected lives of the related assets.

### Derivative financial instruments

The Group's activities expose it to the financial risks of changes in foreign exchange rates, interest rates and commodity prices. The Group enters into a variety of derivative financial instruments to manage its exposure to these risks. The use of financial derivatives is governed by a Group policy approved by the Board of Directors which provides written principles on the use of financial derivatives to hedge certain risk exposures. The Group does not use derivative financial instruments for speculative purposes. Further details of derivative financial instruments are disclosed in note 31 to the financial statements.

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event, the timing of the recognition in profit or loss depends on the nature of the hedge relationship. The Group designates certain derivatives as either fair value hedges, cash flow hedges or hedges of net investments in foreign operations.

A derivative is classified as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and it is not expected to be realised or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

### Hedge accounting

The Group designates certain hedging instruments, which include derivatives and non-derivatives in respect of foreign currency and commodity risk, as either cash flow hedges or hedges of net investments in foreign operations.

At the inception of the hedge relationship the entity documents the relationship between the hedging instrument and hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Group documents whether the hedging instruments that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items.

### Cash flow hedge

Hedges of foreign exchange risk on firm commitments are accounted for as cash flow hedges. Similarly, commodity derivative contracts which are entered into to mitigate commodity price fluctuations on firm purchasing commitments are accounted for as cash flow hedges.

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss.

### Hedges of net investments in foreign operations

Any gain or loss on the hedging instrument relating to the effective portion of the hedge is recognised in other comprehensive income and accumulated in the hedging and translation reserve. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss.

Gains and losses deferred in the hedging and translation reserve are recognised immediately in profit or loss when the foreign operation is disposed of.

## 2.b) Critical accounting judgements and key sources of estimation uncertainty

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The Directors consider the following to be the key judgements and estimates that have the most significant effect on the amounts recognised in the financial statements.

### Critical judgements in applying the Group's accounting policies

In applying the Group's accounting policies, management has made the following judgements, which have the most significant effect on the consolidated financial statements.

### Business combinations

Acquisitions are accounted for using the acquisition method as described in the business combinations accounting policy. Management exercises judgement in the determination of fair values for assets and liabilities acquired, including the separate identification of intangible assets, which use assumptions and estimates. The Group has developed a process to meet the requirements of IFRS 3, including the separate identification of customer relationship intangible assets based on estimated future performance and customer attrition rates. External valuation specialists are used where appropriate.



## 2.b) Critical accounting judgements and key sources of estimation uncertainty CONTINUED

### Adjusting items

The Directors believe that presenting adjusting items separately provides a clearer understanding of the business performance and facilitates comparison of trading performance year-on-year. In determining the classification of items, management exercises significant judgement. During the period under review, the adjusting operating items identified total \$10.8m (2021: \$5.6m). These primarily comprise acquisition-related costs and amortisation of intangibles arising from business combinations. See note 4 for further details. Management sees this as a key judgement as a decision has to be made as to which income statement items fall within the criteria and therefore should be shown separately.

### Taxation

The Group operates in a large number of different tax jurisdictions. The Directors are required to exercise significant judgement in determining the Group's provision for taxes. Amounts provided are based on management's interpretation of country-specific tax law. Tax benefits are not recognised unless the tax positions are capable of being sustained. In arriving at this position, management reviews each material tax benefit to assess whether a provision should be taken against full recognition of the benefit.

Deferred tax assets and liabilities require management judgement in determining the amounts to be recognised. In particular, significant judgement is used when assessing the extent to which deferred tax assets should be recognised, with consideration given to the timing and level of future taxable income, time limits on the availability of taxable losses for carry-forward and any future tax planning strategies.

### Lease term

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not utilise a break clause. Extension options (or periods after break clauses) are only included in the lease term if the lease is reasonably certain to be extended (or break clause not utilised).

## 2.c) Key sources of estimation uncertainty

The key areas where estimates and assumptions are significant to the financial statements are described below.

### Inventory provisions

Inventories are carried at the lower of cost and net realisable value, which is calculated as the estimated sales proceeds less costs of sale. Factors considered in the determination of net realisable value are the ageing, category and condition of inventories, recent inventory utilisation and forecasts of projected inventory utilisation. Reviews of provisions held against damaged, obsolete and slow-moving inventory are carried out at least quarterly by management and these reviews require the application of judgement and estimates. Changes to these estimates could result in changes to the net valuation of inventory. At 3 April 2022, the Group had net inventories of \$119.3m (2021: \$76.9m).

### Goodwill

The carrying amount of goodwill has been tested for impairment by estimating the value in use of the cash-generating units to which it has been allocated. Note 12 outlines the significant assumptions made in performing the impairment tests.

### Uncertain tax provisions

The Group operates in many countries and is subject to taxes in numerous jurisdictions. The Group is subject to periodic tax audits by local authorities on a range of tax matters in relation to corporate tax and transfer pricing. Management applies judgement in estimating the provision to cover the economic outflow associated with any potential tax audits.

## 3. Segment information

Segment information is based on the information provided to the chief operating decision maker, the Executive members of the Company's Board and the Chief Operating Officer. This is the basis on which the Group reports its primary segmental information for the period ended 3 April 2022. These segments are discussed in the Performance Review on pages 28 to 32.

The accounting policies of the operating segments are the same as those described in the summary of significant accounting policies on pages 107 to 114 of the Group accounts. The Group evaluates segmental information on the basis of profit or loss from operations before adjusting items, interest and income tax expense. The segmental results that are reported to the Executive members of the Company's Board and Chief Operating Officer include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

The internal reporting provided to the Executive members of the Company's Board and the Chief Operating Officer for the purpose of resource allocation and assessment of Group performance is based upon the regional performance of where the customer is based and the products are delivered to. In addition to the operating divisions, a Central division exists to capture all of the corporate costs incurred in supporting the operations.

Unallocated central costs represent corporate costs that are not directly attributable to the manufacture and sale of the Group's products but which support the Group in its operations. Included within this division are the costs incurred by the executive management team and the corporate head office.

# Notes to the Financial Statements

For the 52 weeks ended 3 April 2022 (52 weeks ended 4 April 2021)

## 3. Segment information CONTINUED

The following is an analysis of the Group's revenues and results by reportable segment.

	52 weeks to 3 April 2022		52 weeks to 4 April 2021	
	Revenue \$'m	Profit/(loss) \$'m	Revenue \$'m	Profit/(loss) \$'m
North America	272.1	21.4	203.1	19.8
Asia	142.7	11.6	133.7	14.1
Europe	199.8	32.1	106.5	15.4
Unallocated Central costs	–	(8.9)	–	(6.4)
Divisional results before share-based payments and adjusting items	614.6	56.2	443.3	42.9
Adjusting operating items		(10.8)		(5.6)
Share-based payment charge (see note 29)		(4.4)		(6.6)
Operating profit		41.0		30.7
Share of net profit from associates and joint ventures		0.4		0.8
Finance income		0.3		0.3
Finance costs		(5.5)		(2.4)
Profit before taxation		36.2		29.4
Taxation		(5.8)		9.5
Profit after taxation		30.4		38.9

The adjusting operating items charge of \$10.8m (2021: \$5.6m) was split \$2.0m (2021: \$2.3m) to North America, \$7.2m (2021: \$3.4m) to Europe, a \$1.1m in Asia (2021: credit \$0.1m) and \$0.5m (2021: nil) to Central.

The segmental profit represents the profit earned from customers based in each region before the allocation of central operating expenses, adjusting items, share-based payments, finance income, finance costs and income tax expense. This is the measure reported to the Executive members of the Company's Board and the Chief Operating Officer for the purpose of resource allocation and assessment of performance. The divisional profits above are shown after the following charges for depreciation and amortisation of non-acquired intangibles:

	2022 \$'m	2021 \$'m
<b>Depreciation and amortisation</b>		
North America	4.3	3.6
Asia	2.3	2.3
Europe	3.2	1.9
Central	0.1	0.1
	9.9	7.9

### Information about major customers

Two (2021: one) of the Group's customers individually account for more than 10% of total Group revenue. Revenue from one customer which operates in the Medical sector is reported across all three segments, and accounts for 12.9% of revenue (2021: 14.9%). The other's revenue is reported in North America, is within the Electric Vehicle sector and accounts for 14.7% (2021: 9.7%).

### Geographical information

The Group's revenue from external customers and information about its non-current assets (excluding deferred tax assets) by geographical location are provided below:

	Revenue		Non-current assets	
	2022 \$'m	2021 \$'m	2022 \$'m	RESTATED 2021 \$'m
North America	272.1	203.1	49.3	23.1
Asia	142.7	133.7	47.2	25.7
Europe	199.8	106.5	99.8	114.5
	614.6	443.3	196.3	163.3

Revenue is attributed to countries on the basis of the geographical location of the customer and delivery of the product. Revenue and non-current assets attributable to the United Kingdom was \$105.5m (2021: \$89.2m) and \$14.6m (2021: \$16.8m) respectively.

The restatement relates to amendment of the provisional value of Goodwill associated with the DE-KA acquisition (see note 35).

#### 4. Adjusting items and share-based payments

	2022 \$'m	2021 \$'m
Acquisition-related costs	2.5	0.4
Adjustment to fair value of contingent consideration	(0.2)	(0.1)
Restructuring costs	0.8	–
Amortisation of acquired intangibles	10.3	5.2
Paycheck Protection Program ('PPP') loan forgiveness	(2.6)	–
Pension past service costs	–	0.1
<b>Total adjusting operating items</b>	<b>10.8</b>	<b>5.6</b>
Share-based payments (see note 29)	4.4	6.6
<b>Total adjusting items and share-based payments before tax</b>	<b>15.2</b>	<b>12.2</b>
Tax effect of adjusting items and share-based payments (see note 10)	(3.3)	(2.3)
<b>Total adjusting items and share-based payments after tax</b>	<b>11.9</b>	<b>9.9</b>

Adjusting items include costs that are one-off in nature and significant as well as the non-cash amortisation of acquired intangible assets. The adjusting items and share-based payments are included under the statutory classification appropriate to their nature but are separately disclosed on the face of the income statement to assist in understanding the underlying financial performance of the Group.

Acquisition-related costs of \$2.5m (2021: \$0.4m) consist of legal and professional fees relating to potential and completed acquisitions. The acquisition-related costs associated with acquisitions completed during the year are Irvine Electronics LLC ('Irvine') (\$0.7m), Terminal & Cable TC Inc ('TC') (\$0.4m), Prodamex SA de CV ('Prodamex') (\$0.4m) and inYantra Technologies Pvt Ltd ('inYantra') (\$0.6m). The Irvine acquisition costs also include consultancy fees agreed with the previous owners as part of the acquisition to support the transition of certain activities. The inYantra acquisition costs included the associated costs of acquiring the land and building. The remaining acquisition costs relate to other acquisitions that have or are being pursued. During the prior year the \$0.4m of acquisition-related costs consisted of legal and professional fees associated with the acquisition of De-Ka Elektrotechnik Sanayi ve Ticaret Anonim Şirketi ('DE-KA').

The adjustment to the fair value of contingent consideration primarily relates to the acquisition of Ta Hsing Industries Ltd in July 2019. As the lease was not extended a final contingent payment associated with a lease extension was not required. During March 2022 the Group commenced the closure of this site in China with production being transferred to other sites within the Group. The associated restructuring costs of \$0.8m comprises of \$0.5m of redundancy costs and \$0.3m of other closure-related costs.

Associated with the acquisitions, the Group has recognised certain intangible assets, including customer relationships and customer order backlogs. The amortisation of these intangibles is non-cash and totals \$10.3m (2021: \$5.2m) for the period. The increase from prior year relates to the three acquisitions completed during the current period, Irvine, Prodamex and TC, and the annualised impact of DE-KA which was acquired in February 2021.

During the period the Group's North American operations received notification that \$2.6m of Payroll Protection Program loans provided during the pandemic were forgiven.

In 2019, the Group recognised a pension past service cost of \$0.5m in adjusting items as a result of Guaranteed Minimum Pension (GMP) equalisation following a legal judgement requiring all pension schemes to conduct an equalisation of male and female members' benefits for the effect of unequal GMPs. The additional cost of \$0.1m in 2021 arose as a result of a further legal judgement which confirmed there was also an obligation to pay additional amounts where certain past transfer payments had not been equalised for the effects of GMPs.

#### 5. Finance income

	2022 \$'m	2021 \$'m
Lease interest income	0.1	0.1
Interest on preference shares	0.2	0.2
	<b>0.3</b>	<b>0.3</b>

Finance income earned on financial assets was derived from preference shares and the sublease of a property. No other gains or losses have been recognised in respect of receivables held at amortised cost other than those disclosed above and impairment losses recognised in respect of trade receivables (see note 18).

# Notes to the Financial Statements

For the 52 weeks ended 3 April 2022 (52 weeks ended 4 April 2021)

## 6. Finance costs

	Notes	2022 \$'m	2021 \$'m
Interest on bank overdrafts and loans		1.7	0.6
Lease interest payable		1.0	0.7
Net interest expense on defined benefit obligations	30	0.2	0.1
Unwinding of deferred consideration		1.3	0.3
Total interest costs		4.2	1.7
Amortisation of debt issue costs	27	1.3	0.7
Total finance costs		5.5	2.4

No gains or losses have been recognised on financial liabilities measured at amortised cost (including bank overdrafts and loans) other than those disclosed above.

In February 2022 the Group entered into a new enlarged debt facility. Included within the amortisation of debt issue costs is a \$0.8m write-off of capitalised costs related to the previous facility. During the prior year the Group entered into a new banking facility. Included within the prior year amortisation of debt issue costs is a \$0.4m write-off of capitalised costs related to the facility. See note 31 for further details of the new facility.

## 7. Profit for the period

Profit for the period has been arrived at after charging/(crediting):

	Notes	2022 \$'m	2021 \$'m
Net foreign exchange loss		0.6	1.3
Research and development costs		3.8	3.2
Depreciation of property, plant and equipment	14	6.4	4.6
Depreciation of right-of-use assets	15	3.4	3.2
Amortisation of intangible assets	13	10.4	5.3
Cost of inventories recognised as an expense		382.2	250.3
Write-down of inventories recognised as an expense		2.1	1.1
Reversal of write-downs of inventories recognised in the period		(0.1)	(0.4)
Staff costs	9	114.0	95.8
Reversal of impairment losses recognised on trade receivables	18	(0.1)	(0.1)
(Profit)/loss on disposal of property, plant and equipment		(0.2)	0.1

Research and development costs disclosed above comprise the following:

	2022 \$'m	2021 \$'m
Employment costs	2.1	2.2
Raw materials and consultancy	1.6	0.9
Other	0.1	0.1
	3.8	3.2

In addition to the above, during the current period, \$2.8m development costs were capitalised (2021: nil).

**7. Profit for the period** CONTINUED

Reconciliation of operating profit to underlying EBITDA (earnings before interest, tax, depreciation and amortisation, adjusting items and share-based payment charge):

	2022 \$'m	2021 \$'m
<b>Operating profit</b>	<b>41.0</b>	30.7
Add back:		
Adjusting operating items	10.8	5.6
Share-based payment charge	4.4	6.6
<b>Underlying operating profit</b>	<b>56.2</b>	42.9
Depreciation of property, plant and equipment (note 14)	6.4	4.6
Depreciation of right-of-use assets (note 15)	3.4	3.2
Amortisation of intangible assets not acquired in a business combination (note 13)	0.1	0.1
<b>Underlying EBITDA</b>	<b>66.1</b>	50.8

**8. Auditors' remuneration**

The analysis of auditors' remuneration is as follows:

	2022 \$'m	2021 \$'m
Fees payable to the Company's auditors for the audit of the Company's annual financial statements	0.5	0.3
Fees payable to the Company's auditors and their associates for other audit services to the Group		
– the audit of the Company's subsidiaries pursuant to legislation	0.6	0.5
<b>Total audit fees</b>	<b>1.1</b>	0.8
Other services	–	0.2
<b>Total non-audit fees</b>	<b>–</b>	0.2

During the prior period other services include due diligence services performed in relation to the acquisition of DE-KA.

**9. Staff costs**

The average monthly number of employees (including Executive Directors) was:

	2022 No.	2021 No.
Production	6,009	5,482
Sales and distribution	541	386
Administration	575	485
	<b>7,125</b>	6,353

Their aggregate remuneration comprised:

	2022 \$'m	2021 \$'m
Wages and salaries	96.7	80.6
Social security costs	12.5	8.2
Share-based payment charge (note 29)	4.4	6.6
Other pension costs (note 30)	0.4	0.4
	<b>114.0</b>	95.8

# Notes to the Financial Statements

For the 52 weeks ended 3 April 2022 (52 weeks ended 4 April 2021)

## 9. Staff costs CONTINUED

Remuneration of key management – Directors of the parent Company	2022 \$'m	2021 \$'m
Short-term employee benefits	1.8	1.3
Social security costs	0.1	0.1
Post-employment benefits	0.1	0.1
Compensation for loss of office	–	0.9
Share-based payment charge	2.1	0.5
	4.1	2.9

## 10. Taxation

	2022			2021		
	Before adjusting items \$'m	Adjusting items and share-based payments \$'m	Total \$'m	Before adjusting items \$'m	Adjusting items and share-based payments \$'m	Total \$'m
Current tax – expense for the period	(10.1)	0.2	(9.9)	(3.9)	0.1	(3.8)
Current tax – adjustment in respect of previous periods	(0.1)	–	(0.1)	0.2	–	0.2
Total current tax expense	(10.2)	0.2	(10.0)	(3.7)	0.1	(3.6)
Deferred tax – credit for the period	0.8	3.1	3.9	10.8	2.1	12.9
Deferred tax – adjustment in respect of previous periods	0.3	–	0.3	0.1	0.1	0.2
Total deferred tax credit (note 21)	1.1	3.1	4.2	10.9	2.2	13.1
<b>Income tax (expense)/credit</b>	<b>(9.1)</b>	<b>3.3</b>	<b>(5.8)</b>	<b>7.2</b>	<b>2.3</b>	<b>9.5</b>

UK corporation tax is calculated at the standard rate of 19% (2021: 19%) of the estimated assessable profit for the period. Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

The tax (expense)/credit for the period is lower (2021: lower) than the standard rate of corporation tax in the UK and can be reconciled to the profit before tax per the income statement as follows:

	2022			2021		
	Before adjusting items \$'m	Adjusting items and share-based payments \$'m	Total \$'m	Before adjusting items \$'m	Adjusting items and share-based payments \$'m	Total \$'m
Profit before tax	51.4	(15.2)	36.2	41.6	(12.2)	29.4
Tax at the UK corporation tax rate	(9.8)	2.9	(6.9)	(7.9)	2.3	(5.6)
Tax effect of:						
Expenses that are not deductible and income that is not taxable in determining taxable profit	0.1	0.4	0.5	1.6	(0.9)	0.7
Foreign exchange on entities with different tax and functional currencies	(2.4)	–	(2.4)	0.8	–	0.8
Adjustment in respect of previous periods	0.2	–	0.2	0.3	0.1	0.4
Changes to tax rates	1.7	0.1	1.8	(0.1)	–	(0.1)
Overseas tax rate differences	(1.1)	0.3	(0.8)	(0.3)	0.1	(0.2)
Current year tax losses and other items not recognised	(0.1)	(0.1)	(0.2)	(0.1)	–	(0.1)
Recognition of previously unrecognised deferred tax assets	2.9	–	2.9	12.9	0.7	13.6
Derecognition of previously recognised deferred tax assets	(0.6)	(0.3)	(0.9)	–	–	–
<b>Income tax (expense)/credit</b>	<b>(9.1)</b>	<b>3.3</b>	<b>(5.8)</b>	<b>7.2</b>	<b>2.3</b>	<b>9.5</b>

**10. Taxation CONTINUED**

Included in the non-deductible tax items is an increase to uncertain tax provisions of \$0.4m (2021: \$0.4m). The Group recognises provisions for uncertain tax positions when the Group has a present obligation as a result of a past event and management judges that it is probable that there will be a future outflow within the Group to settle the obligation. Uncertain tax positions are assessed and measured within the jurisdictions that we operate in using the best estimate of the most likely outcome. It is inevitable that the Group will be subject to routine tax audits or be in ongoing disputes with tax authorities in the multiple jurisdictions it operates within.

The income tax expense reported directly in equity of \$0.8m (2021: credit of \$4.8m) relates to share-based payments and consists of a current tax credit of \$1.6m (2021: \$0.8m) and a deferred tax expense of \$2.4m (2021: credit of \$4.0m).

**11. Earnings per Ordinary share**

The calculation of the basic and diluted earnings per share is based on the following data:

	Notes	2022 \$'m	2021 \$'m
Profit for the purpose of basic and diluted earnings per share being net profit attributable to owners of the parent		30.4	38.9
Adjustments for:			
Adjusting items	4	10.8	5.6
Share-based payment charge	29	4.4	6.6
Tax effect of adjusting items and share-based payments		(3.3)	(2.3)
Underlying earnings		42.3	48.8

	2022 No. shares	2021 No. shares
Weighted average number of Ordinary shares for the purpose of basic earnings per share	157,245,284	152,230,980
Effect of dilutive potential Ordinary shares/share options	10,309,105	10,288,152
Weighted average number of Ordinary shares for the purpose of diluted earnings per share	167,554,389	162,519,132

	2022 cents	2021 cents
<b>Basic earnings per share</b>		
Basic earnings per share	19.3	25.5
Adjustments for:		
Adjusting items	6.9	3.7
Share-based payment charge	2.8	4.4
Tax effect of adjusting items and share-based payments	(2.1)	(1.5)
Underlying basic earnings per share	26.9	32.1

	2022 cents	2021 cents
<b>Diluted earnings per share</b>		
Diluted earnings per share	18.1	23.9
Adjustments for:		
Adjusting items	6.5	3.4
Share-based payment charge	2.6	4.1
Tax effect of adjusting items and share-based payments	(2.0)	(1.4)
Underlying diluted earnings per share	25.2	30.0

The underlying earnings per share has been calculated on the basis of profit before adjusting items and share-based payments, net of tax. The Directors consider that this calculation gives a better understanding of the Group's earnings per share in the current and prior period.

# Notes to the Financial Statements

For the 52 weeks ended 3 April 2022 (52 weeks ended 4 April 2021)

## 12. Goodwill

	2022 \$'m	2021 RESTATED \$'m
<b>Cost</b>		
At the beginning of the period	70.7	28.1
Business combinations (note 35)	18.3	41.5
Exchange differences	(3.6)	1.1
At the end of the period	85.4	70.7
<b>Accumulated impairment losses</b>		
At the beginning of the period	2.7	2.4
Exchange differences	(0.2)	0.3
At the end of the period	2.5	2.7
<b>Carrying amount at the end of the period</b>	<b>82.9</b>	<b>68.0</b>
Carrying amount at the beginning of the period	68.0	25.7

Restated: In accordance with IFRS 3 'Business Combinations' the group has amended the Goodwill recognised on the acquisition of DE-KA. The change reflects an amendment to the estimates made in relation to one part of the contingent consideration which is linked to working capital performance over future periods. Further details are provided in note 35.

Goodwill acquired in a business combination is allocated, at acquisition, to the business units that are expected to benefit from that business combination. After recognition of impairment losses, the carrying amount of goodwill has been allocated as follows:

	2022 \$'m	2021 RESTATED \$'m
DE-KA	37.8	40.3
GTK	10.0	10.6
Irvine	3.8	–
inYantra	9.9	–
Prodamex	2.9	–
TC	1.7	–
Servatron	7.6	7.6
Silcotec	4.1	4.3
MC Electronics	1.0	1.0
Volex Asia	1.6	1.6
Volex North America	1.9	2.0
Volex Europe	0.6	0.6
	<b>82.9</b>	<b>68.0</b>

Goodwill is not amortised and is retranslated each year at the prevailing rate. The Group annually tests goodwill for impairment, or more frequently if there are indications that goodwill might be impaired. The recoverable amount of goodwill is determined from value in use calculations. The key assumptions used in the value in use calculations are those regarding the discount rates, revenue and costs growth. Management estimates discount rates using pre-tax rates that reflect current market assessments of the time value of money and the risks specific to the business unit. The growth rates are based upon industry growth forecasts.

The Group prepared a cash flow forecast derived from the most recently approved annual budget which has been extrapolated over a five-year period. This assumes levels of revenue and profits based on both past performance and expectations for future market development and takes into account the cyclical nature of the business in which the CGU operates. Cash flows beyond the five-year period are extrapolated in perpetuity using a growth rate of 2% (2021: 2%) in line with long-term market expectations.

The rate used to discount the forecast cash flows is a pre-tax discount rate of 11.7% (2021: 10.9%), which reflects the Group's estimated cost of capital.

As part of the transfer of Ta Hsing production to other sites within Asia the Goodwill associated with this acquisition has been transferred to the Volex Asia cash generating unit.



## 13. Other intangible assets

Group	Acquired patents \$'m	Capitalised development costs \$'m	Software and licences \$'m	Customer contracts and relationships \$'m	Total \$'m
<b>Cost</b>					
At 5 April 2020	1.2	3.0	4.0	22.8	31.0
Business combinations	–	–	–	29.3	29.3
Additions	–	–	0.2	–	0.2
Disposals	–	–	(0.1)	–	(0.1)
Exchange differences	0.1	0.3	0.4	0.4	1.2
<b>At 4 April 2021</b>	<b>1.3</b>	<b>3.3</b>	<b>4.5</b>	<b>52.5</b>	<b>61.6</b>
Business combinations	–	–	–	15.3	15.3
Additions	–	2.8	1.4	–	4.2
Disposals	–	–	(0.9)	–	(0.9)
Exchange differences	(0.1)	(0.2)	(0.1)	(2.5)	(2.9)
<b>At 3 April 2022</b>	<b>1.2</b>	<b>5.9</b>	<b>4.9</b>	<b>65.3</b>	<b>77.3</b>
<b>Accumulated amortisation and impairment</b>					
At 5 April 2020	1.2	3.0	3.8	7.4	15.4
Amortisation charge for the period	–	–	0.1	5.2	5.3
Disposals	–	–	(0.1)	–	(0.1)
Exchange differences	0.1	0.3	0.4	0.6	1.4
<b>At 4 April 2021</b>	<b>1.3</b>	<b>3.3</b>	<b>4.2</b>	<b>13.2</b>	<b>22.0</b>
Amortisation charge for the period	–	–	0.1	10.3	10.4
Disposals	–	–	(0.9)	–	(0.9)
Exchange differences	(0.1)	(0.1)	(0.1)	(0.9)	(1.2)
<b>At 3 April 2022</b>	<b>1.2</b>	<b>3.2</b>	<b>3.3</b>	<b>22.6</b>	<b>30.3</b>
<b>Carrying amount</b>					
<b>At 3 April 2022</b>	<b>–</b>	<b>2.7</b>	<b>1.6</b>	<b>42.7</b>	<b>47.0</b>
<b>At 4 April 2021</b>	<b>–</b>	<b>–</b>	<b>0.3</b>	<b>39.3</b>	<b>39.6</b>
<b>At 5 April 2020</b>	<b>–</b>	<b>–</b>	<b>0.2</b>	<b>15.4</b>	<b>15.6</b>

Computer software is amortised over the estimated useful life, not exceeding five years. The amortisation charge for the period is fully expensed within operating expenses.

Customer contracts and relationships relate to customer-related intangible assets acquired as part of a business combination. They are recognised at their fair value at the date of acquisition and are subsequently amortised on a straight-line basis on the timing of projected cash flows of the contracts and relationships over their estimated useful lives. More details on business combinations are included in note 35.

Customer contracts and relationships include individually significant customer-related assets. The carrying value of these are:

Acquisition	Region	Customer Relationship (\$'m)	Remaining Useful life (years)
DE-KA	Europe	21.4	13.9
Irvine	North America	5.4	9.0
Servatron	North America	3.4	1.6
TC	North America	2.7	10.0

At the prior period end the significant customer-related assets related to DE-KA (\$24.4m) with a remaining useful economic life of 14.9 years, and the order backlog (\$3.3m) with a remaining useful economic life of 0.9 years. The net book value of customer relationships in Servatron was \$5.5m with a remaining useful economic life of 2.6 years.

# Notes to the Financial Statements

For the 52 weeks ended 3 April 2022 (52 weeks ended 4 April 2021)

## 14. Property, plant and equipment

Group	Freehold land and buildings \$'m	Leasehold improvements \$'m	Plant and machinery \$'m	Assets under construction \$'m	Total \$'m
<b>Cost</b>					
<b>At 5 April 2020</b>	3.1	9.8	48.3	1.3	62.5
Additions	–	–	3.8	3.9	7.7
Business combination	–	–	8.2	–	8.2
Disposals	–	–	(2.7)	–	(2.7)
Exchange differences	0.3	0.2	(0.3)	–	0.2
<b>At 4 April 2021</b>	3.4	10.0	57.3	5.2	75.9
Additions	–	0.2	5.9	5.0	11.1
Business combination	5.0	0.2	1.9	–	7.1
Disposals	–	–	(3.8)	–	(3.8)
Transferred to completed assets	–	5.2	1.0	(6.2)	–
Exchange differences	(0.2)	–	(1.8)	–	(2.0)
<b>At 3 April 2022</b>	<b>8.2</b>	<b>15.6</b>	<b>60.5</b>	<b>4.0</b>	<b>88.3</b>
<b>Accumulated depreciation and impairment</b>					
<b>At 5 April 2020</b>	0.4	4.6	35.9	–	40.9
Depreciation charge for the period	0.3	0.5	3.8	–	4.6
Disposals	–	–	(2.0)	–	(2.0)
Exchange differences	–	0.1	(0.1)	–	–
<b>At 4 April 2021</b>	0.7	5.2	37.6	–	43.5
Depreciation charge for the period	0.3	0.7	5.4	–	6.4
Disposals	–	–	(3.5)	–	(3.5)
Exchange differences	(0.1)	–	(1.4)	–	(1.5)
<b>At 3 April 2022</b>	<b>0.9</b>	<b>5.9</b>	<b>38.1</b>	<b>–</b>	<b>44.9</b>
<b>Carrying amount</b>					
<b>At 3 April 2022</b>	<b>7.3</b>	<b>9.7</b>	<b>22.4</b>	<b>4.0</b>	<b>43.4</b>
<b>At 4 April 2021</b>	2.7	4.8	19.7	5.2	32.4
<b>At 5 April 2020</b>	2.7	5.2	12.4	1.3	21.6

At 3 April 2022, the Group had \$5.2m (2021: \$1.6m) contractual commitments for the acquisition of property, plant and equipment.

Of the \$6.4m (2021: \$4.6m) depreciation charge for the period, \$5.7m (2021: \$3.9m) was expensed through cost of sales and \$0.7m (2021: \$0.7m) was expensed through operating expenses. Depreciation of property, plant and equipment that is used in production activities is expensed through cost of sales.

The Group recognised a fair value decrease of \$0.1m (2021: uplift of \$5.1m) in relation to the acquisition of plant and machinery acquired as part of business combinations (see note 35 for further details).

## 15. Right-of-use assets

	Buildings \$'m	Vehicles \$'m	Other \$'m	Total \$'m
<b>Cost</b>				
<b>At 5 April 2020</b>	9.4	0.4	1.2	11.0
Additions	3.2	0.3	–	3.5
Business combination	9.3	–	–	9.3
Disposals	(0.7)	(0.2)	–	(0.9)
Exchange differences	–	0.1	0.1	0.2
<b>At 4 April 2021</b>	21.2	0.6	1.3	23.1
Additions	0.1	0.4	–	0.5
Business combination (note 35)	5.1	–	–	5.1
Disposals	(0.5)	(0.1)	–	(0.6)
Exchange differences	(0.6)	–	–	(0.6)
<b>At 3 April 2022</b>	25.3	0.9	1.3	27.5
<b>Accumulated depreciation and impairment</b>				
<b>At 5 April 2020</b>	2.1	0.2	0.3	2.6
Depreciation charge for the period	2.6	0.3	0.3	3.2
Disposals	(0.7)	(0.2)	–	(0.9)
Exchange differences	0.2	–	–	0.2
<b>At 4 April 2021</b>	4.2	0.3	0.6	5.1
Depreciation charge for the period	3.0	0.2	0.2	3.4
Disposals	(0.2)	(0.1)	–	(0.3)
Exchange differences	(0.1)	–	–	(0.1)
<b>At 3 April 2022</b>	6.9	0.4	0.8	8.1
<b>Carrying amount</b>				
<b>At 3 April 2022</b>	18.4	0.5	0.5	19.4
<b>At 4 April 2021</b>	17.0	0.3	0.7	18.0
<b>At 5 April 2020</b>	7.3	0.2	0.9	8.4

During the prior period the Group recognised right-of-use assets of \$9.3m related to the acquisition of DE-KA and its three production sites. Included within the lease agreements for the two Turkish sites are the options to purchase these sites within the next three years at a pre-agreed market value.

## 16. Interests in associates and joint ventures

Where the Group has the power to participate in (but not control) the financial and operating policy decisions of another entity, it is classified as an associate or joint venture. The Group uses the equity method, where the Group's share of post-acquisition profits and losses are recognised in the Consolidated Statement of Comprehensive Income (except for losses in excess of the Group's investment in the associate or joint venture unless there is an obligation to make good those losses).

	2022 \$'m	2021 \$'m
Investment in associates:		
Kepler SignalTek Ltd	1.5	0.9
	1.5	0.9

# Notes to the Financial Statements

For the 52 weeks ended 3 April 2022 (52 weeks ended 4 April 2021)

## 16. Interests in associates and joint ventures CONTINUED

### Kepler SignalTek Ltd

On 12 April 2017, the Group acquired 26.09% of the voting shares in Kepler SignalTek Ltd (a company incorporated in Hong Kong) for consideration of \$0.3m. Subsequently the Group increased its shareholding to 27.4%. The company is focused on developing interconnect and finished device solutions for medical OEM customers and also provides high performance data transmission and industrial cable assemblies from their facility in China. As part of the shareholder agreement, Volex is entitled to appoint one of the three directors to the company.

Summarised financial information in respect of Kepler SignalTek Ltd is set out below. The summarised information below represents amounts before intra-group eliminations.

	As at 3 April 2022 \$'m	As at 4 April 2021 \$'m
Current assets	10.1	6.8
Non-current assets	0.9	1.0
Current liabilities	(6.0)	(2.9)
Non-current liabilities	–	(1.6)
Net assets	5.0	3.3
	Period to 3 April 2022 \$'m	Period to 4 April 2021 \$'m
Revenue	13.1	16.0
Profit for the period	1.4	3.5
Other comprehensive income for the period	–	0.2
Total comprehensive income for the period	1.4	3.7

A reconciliation of the above summarised financial information to the carrying amount of the interests in the consolidated financial statements is set out below:

	As at 3 April 2022 \$'m	As at 4 April 2021 \$'m
Net assets of the associate	5.0	3.3
Proportion of the Group	27%	26%
Carrying amount of the Group's interest in Kepler SignalTek Ltd	1.4	0.9
Goodwill	0.1	–
Carrying amount	1.5	0.9

During the period, Kepler SignalTek Ltd redeemed \$0.03m (2021: \$0.05m) of the preference shares owned by Volex (see note 18).

## 17. Inventories

	2022 \$'m	2021 \$'m
Raw materials	64.6	35.0
Work in progress	5.1	2.6
Finished goods	49.6	39.3
	119.3	76.9

## 18. Trade and other receivables

	2022 \$'m	2021 \$'m
<b>Trade receivables</b>		
Amounts receivable for the sale of goods	121.4	102.2
Loss allowance	(2.4)	(1.9)
	119.0	100.3
<b>Other receivables</b>		
Other receivables	13.1	7.8
Investment in finance lease	1.0	1.4
Preference shares due from related parties	2.0	2.1
Prepayments	2.7	3.4
	18.8	14.7
Due for settlement within 12 months	16.7	10.3
Due for settlement after 12 months	2.1	4.4
	18.8	14.7

The carrying amounts of the trade receivables include certain receivables which are subject to a factoring arrangement. Under this arrangement, Volex has transferred the relevant receivables to the factor in exchange for cash and is prevented from selling or pledging the receivables. However, Volex has retained late payment and credit risk. Where there is recourse the Group continues to recognise the transferred assets in their entirety in its balance sheet. The amount repayable under the factoring agreement is presented as secured borrowing. The Group considers that the held to collect business model remains appropriate for these receivables and hence continues measuring them at amortised cost. Where there is non-recourse, the receivable is de-recognised upon receipt of the cash.

At the balance sheet date the Group's preference shares in Kepler SignalTek Ltd were repayable in April 2022, as such the \$2.0m receivable is presented as current. At the prior period end the \$2.1m balance was shown as non-current. Subsequent to the period end, in accordance with the shareholder agreement the shareholders unanimously agreed to extend the preference shares for up to 3 years.

The Directors consider that the carrying amount of trade and other receivables approximates their fair value.

The Group has a sublease on a vacant property in North America. A corresponding lease liability was recognised in relation to the payments due under the head lease.

Two (2021: one) of the Group's customers individually account for more than 10% of total Group revenue. The largest customers operate in the Medical sector and Electric Vehicle sectors, they account for 27.6% (2021: largest customer 14.9%) of total Group revenue. Other than these customers, the Group has no significant concentration of credit risk, with exposure spread over a large number of counterparties and customers. At 3 April 2022, the largest two customers represented 27% of the net trade receivables (2021: largest customer 7%).

The average credit period taken on sales of goods is 74 days (2021: 75 days). An allowance has been made for estimated irrecoverable amounts from the sale of goods. This allowance has been determined by reference to the expected credit loss which includes consideration of past default experience, an analysis of the counterparty's current financial position, the current economic environment and potential losses.

Included in trade receivables are receivables with a carrying value of \$9.4m (2021: \$8.7m) for the Group which are past due at the reporting date for which no provision has been made as there has not been a significant change in credit quality and the amounts are still considered recoverable. The Group does not hold any collateral over these balances.

	2022 \$'m	2021 \$'m
<b>Ageing of past due but not impaired receivables</b>		
0-60 days	8.9	8.1
60-90 days	0.4	0.4
90-120 days	0.1	0.1
120+ days	-	0.1
	9.4	8.7

# Notes to the Financial Statements

For the 52 weeks ended 3 April 2022 (52 weeks ended 4 April 2021)

## 18. Trade and other receivables CONTINUED

	2022 \$'m	2021 \$'m
<b>Movement in the allowance for doubtful debts</b>		
Balance at the beginning of the period	1.9	1.4
Amounts acquired on business combination	0.6	0.6
Increase/(decrease) in allowance recognised in profit or loss	(0.1)	(0.1)
<b>Balance at the end of the period</b>	<b>2.4</b>	1.9

Exchange differences, write off and recovery amounts were \$nil in both periods. In determining the recoverability of trade receivables, the Group considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the reporting date. With the exception of the two customers noted above (2021: one customer), the concentration of credit risk is limited due to the customer base being large and unrelated.

Given the economic uncertainty associated with Covid-19 and other events in the world, the Directors have considered the impact upon IFRS 9 and the Group's provision matrix. After consideration of historical loss rates, the growth in the business, the movement in credit scores observed for a range of customers the expected credit loss provision has been adjusted to \$2.4m (2021: \$1.9m).

	2022 \$'m	2021 \$'m
<b>Ageing of impaired trade receivables</b>		
Current	1.1	0.8
0-60 days	0.3	0.6
60-90 days	-	0.1
90-120 days	0.6	0.1
120+ days	0.4	0.3
	<b>2.4</b>	1.9

## 19. Borrowings and lease liabilities

	2022 \$'m	2021 \$'m
<b>Secured borrowings at amortised cost</b>		
Bank overdrafts	3.2	-
Bank loans	100.3	43.8
Lease liabilities	20.9	20.0
<b>Total borrowings at amortised cost</b>	<b>124.4</b>	63.8
Amount due for settlement within 12 months	9.3	14.2
Amount due for settlement after 12 months	115.1	49.6
	<b>124.4</b>	63.8

Of the bank loans, \$0.7m (2021: \$6.8m) relate to factored receivables (see note 18) and \$0.4m (2021: \$2.9m) of loans acquired as part of the acquisition of DE-KA. During the prior period due to uncertainty caused by the Covid-19 pandemic, the Group's North American operations applied for PPP ('Paycheck Protection Program') support loans in North America which totalled \$2.6m. During the period the PPP loans were forgiven. The remaining bank loans and overdrafts are secured by a floating charge over the assets of key subsidiaries of Volex plc.

At 3 April 2022 unamortised debt issue costs of \$2.2m (2021: \$1.1m) are included within bank loans.

Lease liabilities are effectively secured as the rights to the leased assets recognised in the financial statements (see note 15) revert to the lessor in the event of default.

The total cash outflow for leases is \$5.2m (2021: \$4.4m) comprising lease repayments of \$4.2m (2021: \$3.7m) and \$1.0m (2021: \$0.7m) of interest on lease. Interest on leases liabilities is shown in note 6 and the maturity of lease liabilities is shown in note 31.

**19. Borrowings and lease liabilities** CONTINUED

The Group has outstanding commitments under short-term and low-value leases which fall due as follows:

	2022 \$'m	2021 \$'m
In less than one year	0.6	0.5

The weighted average interest rates paid on the Group's borrowings during the period were as follows:

	2022 %	2021 %
Bank loans and overdrafts	2.2	1.6

The Group started the period with a \$70.0m multi-currency combined revolving overdraft and guarantee facility. The syndicate comprised HSBC UK Bank plc, J.P. Morgan Securities PLC and Citibank, N.A. London branch. The facility included an additional \$30.0m uncommitted 'accordion' feature to provide further capacity for potential future acquisitions. The facility was secured by fixed and floating charges over the assets of certain Group companies.

In September 2021 the Group activated the \$30.0m accordion feature on the facility. In February 2022 the Group completed a refinancing with a syndicate of five banks, replacing its existing \$100 million revolving credit facility with a new \$200 million committed facility (the "Facility") together with an additional \$100 million uncommitted accordion (the "Accordion"). The new facility comprises a \$125 million revolving credit facility and a \$75 million term loan. As a number of the terms changed as a result of the refinancing the facility the \$0.8m debt issue costs associated with the previous facility were written off during the current period (see note 6).

The new syndicate comprised HSBC UK Bank plc, Citibank, N.A. London branch, Barclays Bank PLC, Fifth Third Bank, National Association and Unicredit Bank AG, London Branch. As part of the Group's new banking facility there are floating charges over certain subsidiaries and their assets. As at the year end these totalled \$217.8m (2021: \$192.3m).

The terms of the facility require the Group to perform quarterly financial covenant calculations with respect to leverage (adjusted total debt to adjusted rolling 12-month EBITDA) and interest cover (adjusted rolling 12-month EBITDA to adjusted rolling 12-month interest). Breach of these covenants could result in cancellation of the facility. The Group was compliant with these covenants during the period and remains compliant in the period subsequent to the period end.

During the period, professional fees of \$2.4m were incurred in relation to the new banking facility. Of this, \$1.5m was paid to the syndicate. The \$2.4m was capitalised and is being charged to the income statement on a straight-line basis over the facility term. Capitalised fees related to the previous facility were written off. A further \$0.1m was incurred in relation to the exercise of the accordion.

At 3 April 2022, the facility incurred interest at a margin of 2.1% (2021: 2.3%) above the applicable rate, typically SOFR or EURIBOR.

Also, drawn under the facilities, and not included above are guarantees and letters of credit amounts to \$0.3m (2021: \$0.3m). During the prior period these letters of credit were in the process of being transferred to the Group's new banking facility.

Drawings under the facilities were made in various currencies. Total borrowings for the Group at 3 April 2022 can be analysed by currency as follows:

	2022 \$'m	2021 \$'m
USD	89.6	24.1
Euro	11.8	20.8
INR	1.1	-
	102.5	44.9
Less: debt issue costs (note 27)	(2.2)	(1.1)
	100.3	43.8

**Undrawn borrowing facilities**

At 3 April 2022, the Group had undrawn committed borrowing facilities available of \$96.0m (2021: \$37.3m).

# Notes to the Financial Statements

For the 52 weeks ended 3 April 2022 (52 weeks ended 4 April 2021)

## 20. Trade and other payables

	2022 \$'m	RESTATED 2021 \$'m
<b>Trade payables</b>		
Trade payables	84.7	72.1
<b>Other payables</b>		
Other taxes and social security	4.6	4.0
Accruals and deferred income	58.3	64.0
	62.9	68.0
Due for settlement within 12 months	61.9	58.9
Due for settlement after 12 months	1.0	9.1
	62.9	68.0

Trade payables and accruals principally comprise amounts outstanding for trade purchases and ongoing costs. The Directors consider that the carrying amount of trade and other payables approximates to their fair value.

Included in accruals and deferred income is \$11.2m (2021: RESTATED \$24.5m) relating to deferred and contingent consideration for acquisitions.

## 21. Deferred tax

The following are the major deferred tax assets and liabilities recognised by the Group and movements thereon during the current and prior reporting periods.

	Unremitted earnings \$'m	Intangible assets \$'m	Trading losses \$'m	Accelerated tax depreciation \$'m	Other short term timing differences \$'m	Share-based payments \$'m	Total \$'m
At 5 April 2020	(2.8)	(2.4)	4.5	(0.3)	2.7	1.1	2.8
Acquisitions	-	(5.8)	-	(1.4)	0.5	-	(6.7)
Credit to income statement	1.7	0.8	3.9	2.3	4.0	0.4	13.1
Credit to other comprehensive income	-	-	-	-	0.5	-	0.5
Credit directly to equity	-	-	-	-	-	4.0	4.0
Exchange differences	-	0.1	0.2	-	0.1	0.1	0.5
<b>At 4 April 2021</b>	<b>(1.1)</b>	<b>(7.3)</b>	<b>8.6</b>	<b>0.6</b>	<b>7.8</b>	<b>5.6</b>	<b>14.2</b>
Acquisitions	-	(2.3)	-	(0.2)	0.4	-	(2.1)
Credit/(expense) to income statement	0.2	2.2	2.0	0.4	(0.4)	(0.2)	4.2
Expense to other comprehensive income	-	-	-	-	(0.1)	-	(0.1)
Expense directly to equity	-	-	-	-	-	(2.4)	(2.4)
Exchange differences	-	0.3	(0.4)	0.1	(0.1)	(0.1)	(0.2)
<b>At 3 April 2022</b>	<b>(0.9)</b>	<b>(7.1)</b>	<b>10.2</b>	<b>0.9</b>	<b>7.6</b>	<b>2.9</b>	<b>13.6</b>

Certain deferred tax assets and liabilities have been offset. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

	2022 \$'m	2021 \$'m
Deferred tax assets	20.6	22.0
Deferred tax liabilities	(7.0)	(7.8)
	13.6	14.2



**21. Deferred tax** CONTINUED

At the balance sheet date, the Group had unused tax losses of \$107.0m (2021: \$120.8m) available for offset against future profits. No deferred tax asset has been recognised in respect of \$64.1m (2021: \$80.1m) of these losses.

Included in the unrecognised tax losses are losses of \$12.1m (2021: \$10.9m) that cannot be carried forward indefinitely. Of this amount, \$3.2m (2021: \$1.1m) expires during the next five accounting periods. Other losses may be carried forward to future periods.

The carrying amount of deferred tax assets is reviewed at each reporting date and recognised to the extent that it is probable that there are sufficient taxable profits to allow all or part to be recovered. Deferred tax assets have been recognised based on future forecast taxable profits.

The recognised deferred tax asset of \$20.6m (2021: \$22.0m) consists of \$9.2m (2021: \$8.6m) tax losses, \$2.8m (2021: \$5.6m) share options, \$2.2m (2021: \$2.4m) fixed assets, \$7.2m (2021: \$7.2m) short-term timing differences, and (\$0.8m) (2021: (\$1.8m)) intangible assets. The Group expects \$8.4m (2021: \$6.2m) of the deferred tax assets and \$0.2m (2021: \$1.1m) of the deferred tax liabilities (after offset) to be recovered or settled within the next 12 months.

At the reporting date, a deferred tax liability of \$0.9m (2021: \$1.1m) has been recognised relating to the unremitted earnings of overseas subsidiaries. No deferred tax liability is recognised on temporary differences of \$60.6m (2021: \$42.6m) on unremitted earnings of subsidiaries as the Group is able to control the reversal of these temporary differences and it is probable that they will not reverse in the foreseeable future. The temporary differences represent only the unremitted earnings of those overseas subsidiaries where remittance to the UK of those earnings may still result in a tax liability, principally as a result of dividend withholding taxes levied by the overseas tax jurisdictions in which those subsidiaries operate.

On 3 March 2021 the UK Government announced changes to the UK corporate tax system and an increase in tax rate from the fiscal year 2023 to 25% from the currently enacted rate of 19%. This tax rate change was substantively enacted on 24 May 2021 and therefore has been reflected in the UK deferred tax balances in the current period, resulting in an increase to the value of the net UK deferred tax asset. Deferred tax assets and liabilities are measured at the tax rate expected to apply in the period in which the asset is realised or the liability is settled.

**22. Provisions**

	Property \$'m	Restructuring \$'m	Other \$'m	Total \$'m
<b>At 5 April 2020</b>	0.3	0.1	1.0	1.4
Charge in the period	(0.1)	–	0.8	0.7
Utilisation of provision	–	–	(0.1)	(0.1)
Exchange differences	–	–	0.1	0.1
<b>At 4 April 2021</b>	0.2	0.1	1.8	2.1
Charge in the period	–	0.5	(0.1)	0.4
Utilisation of provision	–	–	(0.1)	(0.1)
Amounts acquired on business combination	0.1	–	–	0.1
Exchange differences	–	–	–	–
<b>At 3 April 2022</b>	0.3	0.6	1.6	2.5
Current liabilities	0.1	0.6	1.6	2.3
Non-current liabilities	0.2	–	–	0.2

**Restructuring**

During March 2022 the Group commenced the closure of its Ta Hsing factory in China with production being transferred to other sites within the Group. Following the communication to all those involved a restructuring provision of \$0.5m made to cover the redundancy and other associated exit costs.

**Other**

Other provisions include the Directors' best estimate, based upon past experience, of the Group's liability under specific product warranties and legal claims. The timing of the cash outflows with respect to these claims is uncertain. The Group has a provision of \$0.9m (2021: \$0.7m) to cover potential costs of recall or warranty claims for products which are in the field but where a specific issue has not been reported.

The Group has \$0.3m (2021: \$0.3m) provided for legal costs associated with a pending legal case in Canada. The case is on going and based on the evidence available, in the view of the Directors it is not probable that the case will result in the material outflow of economic benefits for the Group, therefore no further provision has been recognised beyond the legal costs.

During the year the Group made the second payment related to a legacy legal claim at MC Electronics LLC. The case was identified as part of the acquisition with an indemnity obtained from the sellers. The Group holds a provision of \$0.1m to cover the final payment and associated costs which will be payable during FY2023.

# Notes to the Financial Statements

For the 52 weeks ended 3 April 2022 (52 weeks ended 4 April 2021)

## 23. Share capital

	Ordinary shares of £0.25 each Number	Par value \$/m	Share premium \$/m	Total \$/m
Allotted, called up and fully paid:				
<b>At 5 April 2020</b>	151,818,762	60.3	46.5	106.8
Issue of deferred bonus shares	432,040	0.1	–	0.1
Acquisition of DE-KA	3,320,000	1.1	14.4	15.5
Acquisition of Servatron – contingent consideration	1,481,239	0.5	–	0.5
<b>At 4 April 2021</b>	157,052,041	62.0	60.9	122.9
Issue of new shares	1,666,668	0.5	–	0.5
<b>At 3 April 2022</b>	<b>158,718,709</b>	<b>62.5</b>	<b>60.9</b>	<b>123.4</b>

The Company does not have an authorised share capital.

During the current and prior year the Group issued shares to satisfy the requirement of share awards, deferred bonus awards and fund acquisitions. The current year movements were as follows:

- ▶ Issued 1,666,668 ordinary shares to satisfy the vesting of the share awards granted to the senior employees and/or former owners of Servatron and GTK as the businesses met the required operating profit targets set out in the acquisition agreements.

The prior year movements were:

- ▶ Issued 432,040 shares under the 2019 deferred share bonus plan.
- ▶ Issued 3,320,000 shares as part of the initial consideration for the acquisition of DE-KA.
- ▶ Issued 1,481,239 shares to the former owners of Servatron as the business met the required operating profit targets set out in the acquisition agreement.

Under the terms of the Group's various share schemes, the following rights to subscribe for Ordinary shares are outstanding:

Date of grant	Option price (p)	Exercise period	Number of shares	
			2022	2021
<b>Performance Share Plan</b>				
31 March 2016	25	March 2019 – March 2026	<b>227,461</b>	227,461
1 December 2016	25	December 2019 – December 2026	<b>407,642</b>	503,921
1 December 2017	25	December 2020 – December 2027	<b>530,000</b>	995,000
11 December 2018	25	December 2021 – December 2028	<b>600,000</b>	1,840,000
24 March 2019	25	March 2022 – March 2029	<b>300,000</b>	300,000
<b>Long Term incentive Plan</b>				
10 September 2019	–	September 2022 – September 2029	<b>2,370,000</b>	2,370,000
1 December 2019	–	December 2022 – December 2029	<b>437,500</b>	457,500
11 December 2020	–	December 2023 – December 2030	<b>961,000</b>	961,000
7 December 2021	–	December 2024 – December 2031	<b>944,425</b>	–
<b>Acquisition Retention Awards</b>				
11 December 2018	–	June 2019 – June 2022	–	2,666,667
31 July 2019	–	March 2020 – March 2027	<b>966,666</b>	2,000,000
<b>Deferred Bonus Plan</b>				
16 June 2020	–	June 2021	–	202,097
16 June 2020	–	June 2022	<b>97,011</b>	–
			<b>7,841,705</b>	12,523,646

For further details of the Group's share option schemes, see note 29.

Under the FY2022 deferred share bonus plan, shares will be awarded to the executive management team in lieu of a cash bonus. These will be issued in accordance with the terms of the deferred share bonus plan.

## 24. Own shares and non-distributable reserves

	2022 \$'m	2021 \$'m
<b>Own shares</b>		
At the beginning of the period	3.3	1.0
Sale of shares	(7.5)	(1.7)
Purchase of shares	4.4	4.0
<b>At end of the period</b>	<b>0.2</b>	<b>3.3</b>

The own shares reserve represents both the cost of shares in the Company purchased in the market and the nominal share capital of shares in the Company issued to the Volex Group plc Employee Share Trust to satisfy future share option exercises under the Group's share option schemes (see note 29).

The number of Ordinary shares held by the Volex Group plc Employee Share Trust at 3 April 2022 was 53,205 (2021: 931,577). The market value of the shares as at 3 April 2022 was \$0.2m (2021: \$4.4m).

Unless and until the Company notifies a trustee of the Volex Group plc Employee Share Trust, in respect to shares held in the Trust in which a beneficial interest has not vested, rights to dividends in respect to the shares held in the Trust are waived.

During the year 3,645,040 (2021: 625,000) shares were utilised on the exercise of share awards. During the year, the Company purchased 1,100,000 shares (2021: 1,100,001) at a cost of \$4.4m (2021: \$4.0m) and issued 1,666,668 new shares (2021: nil).

In December 2013, the Volex Group plc Employee Share Trust sold 3,378,582 shares at £1.16 per share to the open market. The average price of shares held by the Trust at the time was £0.70 with a number of the shares having been issued by Volex plc to the Trust at nominal value. In accordance with the Accounting Standards, the difference between the sales price of £1.16 and the average share price of £0.70 was recorded as a non-distributable reserve, giving rise to the \$2.5m non-distributable reserve balance.

## 25. Non-controlling interest

InYantra is a company incorporated in India. A 51% equity stake was acquired on 30 March 2022. Non-controlling interests hold a 49% interest. Due to the timing of the acquisition no contribution to the Group income statement has been recorded.

## 26. Dividends

	2022 \$'m	2021 \$'m
<b>Dividends</b>		
<b>Declared during the financial period:</b>		
Final dividend for the period ended 4 April 2021: 2.2p per share (2020: 2p per share)	4.7	3.8
Interim dividend for the period ended 3 April 2022: 1.2p per share (2021: 1.1p per share)	2.5	2.2
	<b>7.2</b>	<b>6.0</b>
<b>Proposed after the end of the year and not recognised as a liability</b>		
Final dividend for the period ended 3 April 2022: 2.4p per share (2021: 2.2p per share)	5.0	4.8

# Notes to the Financial Statements

For the 52 weeks ended 3 April 2022 (52 weeks ended 4 April 2021)

## 27. Analysis of net funds/(debt)

	Cash and cash equivalents \$'m	Bank loans \$'m	Factoring \$'m	Lease liability \$'m	Debt issue costs \$'m	Total \$'m
<b>At 5 April 2020</b>	31.7	(0.1)	–	(10.9)	0.5	21.2
Business combination	6.4	(4.4)	(6.5)	(9.2)	–	(13.7)
Cash flow	(2.8)	(34.1)	(0.5)	4.4	1.1	(31.9)
New leases entered into during the year	–	–	–	(3.5)	–	(3.5)
Lease interest	–	–	–	(0.7)	–	(0.7)
Exchange differences	1.2	0.5	0.2	(0.1)	0.2	2.0
Amortisation of debt issue costs	–	–	–	–	(0.7)	(0.7)
<b>At 4 April 2021</b>	36.5	(38.1)	(6.8)	(20.0)	1.1	(27.3)
Business combination	5.3	(1.1)	–	(5.2)	–	(1.0)
Cash flow	(15.7)	(65.9)	6.0	5.2	2.5	(67.9)
New leases entered into during the year	–	–	–	(0.5)	–	(0.5)
Lease interest	–	–	–	(1.0)	–	(1.0)
PPP loan forgiveness	–	2.6	–	–	–	2.6
Exchange differences	(0.2)	0.7	0.1	0.6	(0.1)	1.1
Amortisation of debt issue costs	–	–	–	–	(1.3)	(1.3)
<b>At 3 April 2022</b>	25.9	(101.8)	(0.7)	(20.9)	2.2	(95.3)

Debt issue costs relate to bank facility arrangement fees. During the year, \$2.5m of professional fees were capitalised, \$2.3m related to the new banking facility entered into during February 2022 and \$0.2m associated with executing the accordion on the previous facility. During the prior year, \$1.1m was capitalised related to the extension of the previous facility. The refinancing resulted in a write-off of \$0.8m (2021: \$0.4m) during the current period (see note 6).

## 28. Notes to the statement of cash flows

	2022 \$'m	2021 \$'m
<b>Profit for the period</b>	<b>30.4</b>	38.9
Adjustments for:		
Finance income (note 5)	(0.3)	(0.3)
Finance costs (note 6)	5.5	2.4
Income tax expense/(credit) (note 10)	5.8	(9.5)
Share of net profit from associates	(0.4)	(0.8)
Depreciation of property, plant and equipment (note 14)	6.4	4.6
Depreciation of right-of-use assets (note 15)	3.4	3.2
Amortisation of intangible assets (note 13)	10.4	5.3
(Profit)/loss on disposal of property, plant and equipment	(0.2)	0.1
Share-based payment charge (note 29)	4.4	6.6
Fair value adjustment to derivatives	-	(0.2)
PPP loan forgiveness (note 4)	(2.6)	-
Contingent consideration adjustments (note 4)	(0.2)	-
Decrease in provisions	(1.7)	(0.3)
<b>Operating cash flow before movement in working capital</b>	<b>60.9</b>	50.0
Increase in inventories	(28.1)	(12.2)
Increase in receivables	(14.2)	(17.0)
Increase in payables	7.9	21.6
<b>Movement in working capital</b>	<b>(34.4)</b>	(7.6)
Cash generated from operations	26.5	42.4
Cash generated from operations before adjusting operating items	28.5	42.8
Cash utilised by adjusting operating items	(2.0)	(0.4)
Taxation paid	(6.5)	(3.1)
Interest paid	(1.5)	(0.6)
<b>Net cash generated from operating activities</b>	<b>18.5</b>	38.7

## Cash and cash equivalents

	2022 \$'m	2021 \$'m
Cash and bank balances	29.1	36.5
Bank overdrafts	(3.2)	-
	<b>25.9</b>	36.5

Cash and cash equivalents comprise cash held by the Group, short-term bank deposits with an original maturity of three months or less from inception and bank overdrafts. The carrying amount of these assets approximates their fair value. Included within cash and cash equivalents is \$0.3m (2021: nil) held in trust which can only be used for Volex employees.

# Notes to the Financial Statements

For the 52 weeks ended 3 April 2022 (52 weeks ended 4 April 2021)

## 29. Share-based payments

The Group has four equity-settled share-based payment arrangements in operation.

### Long Term Incentive Plan ('LTIP')

The LTIP is a discretionary long-term incentive scheme for Executive Directors and senior managers. It provides for the award of nominal value options which vest after at least three years, subject to performance conditions. Options issued under the LTIP are exercisable between three and ten years from the date of grant, subject to the continued employment of the participant and achievement of performance targets. All awards under the LTIP are nil cost. Full details of how the scheme operates are explained on page 86 of the Remuneration Committee Report.

### Performance Share Plan ('PSP')

The PSP scheme was replaced by the Long Term Incentive Plan ('LTIP') during 2020. The PSP is a discretionary long-term incentive scheme for Executive Directors and senior managers. It provides for the award of nominal value options which vest after at least three years, subject to performance conditions. Options issued under the PSP are exercisable between three and ten years from the date of grant, subject to the continued employment of the participant and achievement of performance targets. All awards under the PSP have an exercise price of 25p, which is equivalent to the nominal value of the underlying Ordinary shares.

### Deferred Bonus Plan ('DBP')

The DBP is for the executive management team. A percentage of any cash bonus is deferred to shares and held in trust for a period which is determined by the Remuneration Committee. The percentage of any cash bonus to be deferred is at the discretion of the Remuneration Committee. The only vesting condition is continuing employment.

### Acquisition Retention Awards ('ARA')

The ARA are used to incentivise and retain key employees in acquired businesses who are deemed to deliver a significant contribution to the integration of the acquired business into the Group and have an important role in the continuing success of the acquired business. These awards have vesting periods that are determined by the specific circumstances of the acquisition and vest based on continued employment as well as performance measures that relate to the performance of the Group or the acquired business. Awards consist of shares or the right to acquire shares for a nominal value.

Details of the share awards outstanding and the weighted average exercise price of those awards are as follows:

	PSP Number	LTIP Number	DBP Number	ARA Number	Total Number	Weighted average exercise price (p)
<b>Outstanding at 5 April 2020</b>	6,229,781	3,532,500	432,040	6,814,572	17,008,893	14
<b>Exercisable at the 5 April 2020</b>	1,174,781	–	–	–	1,174,781	25
Outstanding at 6 April 2020	6,229,781	3,532,500	432,040	6,814,572	17,008,893	14
Granted during the period	–	976,000	316,083	–	1,292,083	0
Exercised during the period	(1,740,066)	–	(432,040)	(2,147,905)	(4,320,011)	(10)
Lapsed during the period	(623,333)	(720,000)	(113,986)	–	(1,457,319)	(11)
<b>Outstanding at 4 April 2021</b>	3,866,382	3,788,500	202,097	4,666,667	12,523,646	7
<b>Exercisable at the 4 April 2021</b>	1,726,382	–	–	–	1,726,382	25
Outstanding at 5 April 2021	3,866,382	3,788,500	202,097	4,666,667	12,523,646	7
Granted during the period	–	950,725	97,011	–	1,047,736	0
Exercised during the period	(1,801,279)	–	(202,097)	(1,666,668)	(3,670,044)	(10)
Lapsed during the period	–	(26,300)	–	(2,033,333)	(2,059,633)	–
<b>Outstanding at 3 April 2022</b>	<b>2,065,103</b>	<b>4,712,925</b>	<b>97,011</b>	<b>966,666</b>	<b>7,841,705</b>	<b>6</b>
<b>Exercisable at the 3 April 2022</b>	<b>2,065,103</b>	–	–	–	<b>2,065,103</b>	<b>25</b>

Included within the LTIP awards are 3,547,500 (2021: 3,010,000) options awarded to Directors and senior leadership which are subject to an additional multiplier effect whereby the awards can double depending upon the performance of the Volex share price relative to peers. Full details of how the scheme operates are explained on page 86 of the Remuneration Committee Report. Of the share awards that lapsed during the period, 1,059,633 (2021: 1,457,319) lapsed in respect of leavers and 1,000,000 (2021: nil) lapsed due to failure to meet performance conditions.

The awards outstanding at 3 April 2022 had a weighted average remaining contractual life of eight years (2021: eight years).

Of the 7,841,705 awards outstanding at 3 April 2022, 2,065,103 had an exercise price of £0.25 and 5,776,602 had an exercise price of £nil.

Of the 12,523,646 awards outstanding at 4 April 2021, 3,866,382 had an exercise price of £0.25 and 8,657,264 had an exercise price of £nil.

The aggregate of the estimated fair values of the options granted during the period was \$4.6m (2021: \$5.5m).

**29. Share-based payments** CONTINUED

Of the awards granted during the period, 97,011 were deferred bonus plan awards with an exercise price of £nil, a service period of one year and no performance conditions. The remaining 950,725 awards were long term incentive plan awards with a nil exercise price, a service period of three years and performance conditions based on the business performance and shareholder return.

The fair value of awards granted in the period was calculated at the date of grant using a Monte Carlo binomial model or a Black-Scholes model, depending on the vesting criteria of each award. Market-based performance conditions are taken into account in the calculation of the fair values. Valuation model inputs were as follows:

	2022 LTIP	2021 LTIP
Weighted average share price	£3.56	£3.09
Weighted average exercise price	£nil	£nil
Expected volatility	52%	50%
Expected life (years)	3	3
Risk-free rate	0.40%	-0.08%
Expected dividends	1%	1%

Expected volatility was determined with reference to historical volatility of the Group's share price over the previous three years. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

During the period, the total expense recognised for share-based payment arrangements was as follows:

	2022 \$'m	2021 \$'m
PSP	0.4	0.6
LTIP	3.3	1.4
DBP	0.1	0.4
ARA	0.6	2.6
Share-based payment charge	4.4	5.0
Employers' tax charge in relation to share awards	–	1.6
	4.4	6.6

**30. Retirement benefit obligations****Defined contribution schemes**

The Group operates a number of defined contribution pension schemes. Contributions to the defined contribution schemes are charged to the income statement as they fall due. The Group has no further obligations once the contributions have been made.

The total cost charged to the Group's income statement in the period was \$0.4m (2021: \$0.4m).

**Defined benefit schemes**

The Group operates five defined benefit plans.

**Volex Executive Pension Scheme**

Volex plc (the Company) operates a defined benefit pension arrangement called the Volex Executive Pension Scheme (the Scheme). The Scheme provides benefits based on final salary and length of service on retirement, leaving service or death.

The Scheme is subject to the Statutory Funding Objective under the Pensions Act 2004. A valuation of the Scheme is carried out at least once every three years to determine whether the Statutory Funding Objective is met. As part of the process the Company must agree with the Trustees of the Scheme the contributions to be paid to meet the Statutory Funding Objective. The future contributions required to meet the Statutory Funding Objective do not currently affect the balance sheet of the Scheme in these financial statements.

The most recent comprehensive actuarial valuation of the Scheme was carried out as at 31 July 2019 and the next valuation of the Scheme is due as at 31 July 2022. In the event that the valuation reveals a larger deficit than expected, the Company may be required to increase contributions above those set out in the existing Schedule of Contributions. Conversely, if the position is better than expected, it's possible that contributions may be reduced.

In accordance with the Schedule of Contributions dated September 2020 the Company has agreed to pay contributions of £0.8m p.a. (payable in quarterly instalments) over the period to 30 September 2025.

# Notes to the Financial Statements

For the 52 weeks ended 3 April 2022 (52 weeks ended 4 April 2021)

## 30. Retirement benefit obligations CONTINUED

The Scheme is managed by a Trustee Company, the board of which is appointed in part by the Company and in part from elections by members of the Scheme. The Trustees have responsibility for obtaining valuations of the fund, administering benefit payments and investing the Scheme's assets. The Trustee delegates some of these functions to their professional advisers where appropriate.

The Scheme exposes the Company to a number of risks:

- ▶ **Investment risk.** The Scheme holds investments in asset classes, such as equities, which have volatile market values and while these assets are expected to provide the real returns over the long-term, the short-term volatility can cause additional funding to be required if the deficit increases.
- ▶ **Interest rate risk.** The Scheme's liabilities are assessed using market yields on high quality corporate bonds to discount the liabilities. As the Scheme holds assets such as equities, the value of the assets and liabilities may not move in the same way.
- ▶ **Inflation risk.** A significant proportion of the benefits under the Scheme are linked to inflation. Although the Scheme's assets are expected to provide a good hedge against inflation over the long term, movements over the short term could lead to deficits emerging.
- ▶ **Mortality risk.** In the event that members live longer than assumed deficits may emerge in the Scheme.

There were no plan amendments, curtailments or settlements during the period. A prior service cost was recognised in the previous period in respect of uplifts to historic transfer values in respect of GMP equalisation.

The key assumptions utilised are:

	Valuation at	
	2022	2021
Discount rate	2.7%	1.9%
Future pension increases	3.4%	3.0%
Inflation assumption (RPI)	4.0%	3.6%
Inflation assumption (CPI)	3.6%	3.1%

The following mortality assumptions have been made:

	2022 Years	2021 Years
Future life expectancy for a pensioner currently aged 65		
– Male	22.6	22.5
– Female	24.2	24.1
Future life expectancy at age 65 for a non-pensioner currently aged 55		
– Male	23.2	23.1
– Female	24.9	24.8

Significant actuarial assumptions for the determination of the defined benefit obligations are the discount rate, inflation and life expectancy. The sensitivity analysis below has been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period, assuming that all other assumptions are held constant:

Assumption	Change in assumption	Impact on scheme liabilities
Discount rate	Increase/decrease by 0.5%	(\$1.2m)/\$1.4m
Inflation	Increase/decrease by 0.5%	\$0.9m/(\$0.9m)
Life expectancy	Increase/decrease by 1 year	\$1.1m/(\$1.0m)

In reality one might expect interrelationships between the assumptions, especially between discount rate and inflation. The above analysis does not take the effect of these interrelationships into account.

Amounts recognised in income statement	2022 \$'m	2021 \$'m
Interest cost	(0.4)	(0.4)
Expected return on scheme assets	0.3	0.3
Finance costs (note 6)	(0.1)	(0.1)
Past service costs (note 4)	–	(0.1)
Total charge to the Income statement	(0.1)	(0.2)



**30. Retirement benefit obligations** CONTINUED

In 2019 the Group recognised a pension past service cost of \$0.5m in adjusting items as a result of Guaranteed Minimum Pension (GMP) equalisation following a legal judgement requiring all pension schemes conduct an equalisation of male and female members' benefits for the effect of unequal GMPs. The additional cost of \$0.1m in 2021 arose as a result of a further legal judgement which confirmed there was also an obligation to pay additional amounts where certain past transfer payments had not been equalised for the effects of GMPs.

No other amounts have been recognised in the income statement in the current or prior year.

An actuarial gain of \$0.6m (2021: loss \$1.1m) has been reported in the statement of comprehensive income.

	2022 \$'m	2021 \$'m
<b>Cumulative actuarial losses recognised in equity</b>		
At the beginning of the period	(4.9)	(3.8)
Net actuarial gains/(losses) recognised in the period	0.6	(1.1)
At the end of the period	(4.3)	(4.9)

	2022 \$'m	2021 \$'m
<b>Amounts recognised in the statement of financial position</b>		
Fair value of scheme assets	17.5	18.8
Present value of defined benefit obligations	(18.9)	(22.0)
Deficit in scheme recognised in the statement of financial position	(1.4)	(3.2)
Current liabilities	(1.1)	(1.1)
Non-current liabilities	(0.3)	(2.1)
	(1.4)	(3.2)

The Group has contributed \$1.1m to the defined benefit pension plan in the period ended 3 April 2022 (2021: \$1.0m).

	2022 \$'m	2021 \$'m
<b>Movements in the present value of defined benefit obligations</b>		
At the beginning of the period	(22.0)	(18.6)
Interest cost	(0.4)	(0.4)
Past service costs	-	(0.1)
Experience loss on liabilities	-	(0.2)
Remeasurement gain/(loss)	1.2	(2.6)
Benefits paid	1.2	2.2
Foreign exchange	1.1	(2.3)
At the end of the period	(18.9)	(22.0)

The average duration of the Scheme's defined benefit obligation is approximately 15 years (2021: 15 years).

	2022 \$'m	2021 \$'m
<b>Movements in the fair value of scheme assets</b>		
At the beginning of the period	18.8	15.9
Interest on assets	0.3	0.3
Actuarial (losses)/gains	(0.6)	1.7
Contributions from the sponsoring company	1.1	1.0
Benefits paid	(1.2)	(2.2)
Foreign exchange	(0.9)	2.1
At the end of the period	17.5	18.8

# Notes to the Financial Statements

For the 52 weeks ended 3 April 2022 (52 weeks ended 4 April 2021)

## 30. Retirement benefit obligations CONTINUED

### Assets

Asset category	2022 \$'m	2021 \$'m
Target return assets <sup>1</sup>	8.7	10.4
Corporate Bonds <sup>2</sup>	3.7	5.5
Liability Driven Investments <sup>1</sup>	4.5	2.2
Cash	0.6	0.7
Total	17.5	18.8

<sup>1</sup> Targeted return and LDI - Dynamic Diversified Growth Fund and the Liability Driven Investment fund are pooled investment vehicles whereby the Scheme purchases units in that fund which are not quoted. The funds invest in a variety of assets including quoted/listed stocks and shares and bonds, which are valued by the investment manager using the latest available prices. The Scheme itself is not directly the owner of these underlying assets.

<sup>2</sup> Corporate bonds - This is also a pooled investment vehicle whereby the Scheme purchases units of the fund. The fund invests in UK investment grade corporate bonds with maturities in excess of 10 years. The fund is valued by the investment manager using the latest available prices and is benchmarked against the iBoxx Sterling Non-Gilts Over 10 Year Index. The Scheme itself is not directly the owner of these underlying assets.

None of the fair values of the assets shown above include any of the Company's own financial instruments or any property occupied or other assets used by the Company (2021: nil).

The actual return on scheme assets for the period was a loss of \$0.3m (2021: a gain of \$2.0m).

The estimated amount of contributions expected to be paid to the Scheme during the 52 weeks to 2 April 2023 is \$1.1m (2021: \$1.1m).

### Overseas schemes

In Indonesia, the Group operates an unfunded defined benefit scheme. The scheme requires continuous employment with a lump sum payable upon retirement. The actuarial liability as at 3 April 2022 has been calculated as \$0.9m (2021: \$0.8m) by an external actuary.

DE-KA also operates an unfunded defined benefit scheme. The scheme requires continuous employment with a lump sum payable upon retirement. The actuarial liability as at 3 April 2022 has been calculated as \$0.5m (2021: \$1.2m) by an external actuary. The Group also operates unfunded schemes in Mexico and India.

## 31. Financial instruments

### Capital risk management

The Group manages its capital to ensure that entities in the Group will be able to continue as going concerns while maximising the return to shareholders through the optimisation of the debt and equity balance.

The capital structure of the Group consists of debt, which includes the borrowings disclosed in note 19, cash and cash equivalents and equity attributable to the owners of the parent, comprising issued capital, reserves and retained earnings as contained in the statement of changes in equity.

The Board reviews the capital structure on a regular basis, including facility headroom, forecast working capital and capital expenditure requirements.

Following the refinancing in February 2022, as at 3 April 2022 the Group has a term loan of \$75m and a \$125m multi-currency revolving credit facility ('RCF'). At the 3 April 2022 the term loans of \$75m was fully drawn and \$25.6m (2021: \$32.7m) was also utilised under the RCF. The Group also operates a cashpool facility which is denominated in a variety of currencies. At 3 April 2022, there was a \$3.2m overdraft (2021: no operational cashpool). The average combined utilisation of the cashpool during the period was \$1.5m (2021: \$nil). The three-year facility includes two one-year extensions and is due to expire on 10 February 2025.

Included in note 19 is a description of undrawn facilities as at the reporting date.

The terms of the RCF require the Group to perform quarterly financial covenant calculations with respect to leverage (adjusted total debt to adjusted rolling 12-month EBITDA) and interest cover (adjusted rolling 12-month EBITDA to adjusted rolling 12-month interest). Breach of these covenants could result in cancellation of the facility. The Group was compliant with these covenants during the year and has continued to operate within these covenants in the period from 3 April 2022 to the date of issue of these financial statements.

The Board is therefore confident that the combination of the above facility and the cash on hand at the end of the year provides adequate liquidity headroom for the successful execution of the Group's operations.

The Group is not subject to externally imposed capital requirements.

**31. Financial instruments** CONTINUED**Financial instruments**

The Group's principal financial instruments comprise bank borrowings and overdrafts, cash and short-term deposits, trade and other receivables and trade and other payables. The Group also enters into derivative transactions, principally forward copper contracts to manage the commodity price risk arising from its operations and forward currency contracts to manage the currency risks. Set out below is a comparison by category of carrying amounts and fair values of all the Group's financial instruments that are carried in the financial statements. Except as detailed below, the Directors consider that the carrying amounts of the financial assets and financial liabilities recorded at amortised cost approximate their fair values.

	Book value 2022 \$'m	RESTATED Book value 2021 \$'m	Fair value 2022 \$'m	RESTATED Fair value 2021 \$'m
<b>Financial assets – loans and receivables</b>				
Cash	29.1	36.5	29.1	36.5
Trade and other receivables	123.8	104.4	123.8	104.4
<b>Financial liabilities – amortised cost</b>				
Interest-bearing loans and borrowings	(103.5)	(43.8)	(105.7)	(44.9)
Lease liabilities	(20.9)	(20.0)	(20.9)	(20.0)
Trade and other payables	(115.5)	(132.4)	(115.5)	(132.4)
<b>Financial derivatives for which hedge accounting has been applied</b>				
Derivative financial instruments	0.3	0.2	0.3	0.2
<b>Financial derivatives for which hedge accounting has not been applied</b>				
Derivative financial instruments	–	0.2	–	0.2

Other payables restated due to amendment to DE-KA provisional Goodwill and contingent consideration (see note 35).

The fair values of the financial derivatives above are categorised within Level 2 of the fair value hierarchy on the basis that their fair value has been calculated by management using inputs that are observable in active markets which are related to the individual asset or liability. Included within trade and other payables is contingent consideration which is categorised as Level 3 using inputs that are not based on observable market data.

**Financial risk management**

Activities related to financing, monitoring and managing the financial risks relating to the operations of the Group are co-ordinated centrally. These risks include market risk (interest rate risk, currency risk and commodity price risk), credit risk and liquidity risk.

The Group seeks to minimise these risks by using derivative financial instruments to hedge these risk exposures and external borrowings denominated in currencies that match the net asset currency profile of the Group. The Board reviews and agrees policies for managing these risks and they are summarised below. The Group also monitors the market price risk arising from all financial instruments. It is, and has been throughout the periods under review, the Group's policy that no trading in financial instruments shall be undertaken.

**Market risk**

The Group's activities expose it primarily to the financial risks of changes in interest rates, foreign currency exchange rates and copper commodity prices.

**Interest rate risk**

The Group's interest rate risk arises principally from borrowings issued at variable rates which expose the Group to cash flow interest rate risk. The Group holds 10% cumulative preference shares with its associate, Kepler SignalTek Ltd. The following table sets out the carrying amount, by maturity, of the Group's financial instruments that are exposed to interest rate risk:

	Within 1 year \$'m	1–2 years \$'m	2–3 years \$'m	3–4 years \$'m	4–5 years \$'m	More than 5 years \$'m	Total \$'m
<b>2022</b>							
<b>Fixed rate</b>							
Trade and other receivables	2.0	–	–	–	–	–	2.0
Bank loans and borrowings	(1.1)	–	–	–	–	–	(1.1)
<b>Floating rate</b>							
Cash assets	29.1	–	–	–	–	–	29.1
Bank loans and borrowings	(3.9)	–	(100.7)	–	–	–	(104.6)

# Notes to the Financial Statements

For the 52 weeks ended 3 April 2022 (52 weeks ended 4 April 2021)

## 31. Financial instruments CONTINUED

2021	Within 1 year \$'m	1-2 years \$'m	2-3 years \$'m	3-4 years \$'m	4-5 years \$'m	More than 5 years \$'m	Total \$'m
Fixed rate							
Trade and other receivables	-	2.1	-	-	-	-	2.1
Bank loans and borrowings	(2.1)	(2.6)	-	-	-	-	(4.7)
Floating rate							
Cash assets	36.5	-	-	-	-	-	36.5
Bank loans and borrowings	(7.5)	-	(32.7)	-	-	-	(40.2)

### Interest rate and sensitivity

The Group manages its exposure to interest rate risk by maintaining an appropriate mix between fixed and floating rate borrowings. Hedging activities are evaluated regularly to align with interest rate views and defined risk appetite, ensuring the most cost-effective hedging strategies are applied.

Management regularly reviews the interest rate risk exposure and is currently of the view that the Group should not fix its interest rate. At 3 April 2022, the Group is exposed to floating rate interest on its RCF borrowings at a margin of 2.1% (31 March 2021: 2.3%) above SOFR (2021: LIBOR).

Had interest rates been 0.5% higher/0.25% lower in the period, and all other variables were held constant, Group profit before tax would have been \$0.3m lower/\$0.1m higher (2021: \$nil lower/\$nil higher). A 0.5% increase/0.25% decrease interest rate sensitivity test has been performed since this represents the Directors' assessment of a reasonably possible change in interest rates.

### Foreign currency risk

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the euro, Chinese renminbi and pound sterling. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities and net investments in foreign operations.

The Group has certain investments in foreign operations, whose net assets are exposed to foreign currency translation risk. The Group's policy is to hedge its related translation exposures through the designation of certain amounts of its foreign currency denominated debt as a hedging instrument.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the reporting date are as follows:

	Liabilities		Assets	
	2022 \$'m	RESTATED 2021 \$'m	2022 \$'m	2021 \$'m
USD	127.8	75.9	92.8	84.6
Euro	36.8	56.8	32.7	40.8
Chinese renminbi	24.6	24.9	15.9	7.5
Pound sterling	15.1	10.9	1.1	2.6
Indian rupee	6.4	0.9	6.9	0.2
Other	19.9	6.5	4.0	4.1

Euro denominated monetary liabilities restated due to amendment to DE-KA provisional Goodwill and contingent consideration (see note 35).

**31. Financial instruments** CONTINUED**Foreign currency sensitivity**

The following table details the Group's sensitivity to a 10% increase and decrease in US dollar against the relevant foreign currencies. The 10% rate used represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 10% change in foreign currency rates. The sensitivity analysis includes both external loans and loans to foreign operations within the Group where the denomination of the loan is in a currency other than the currency of the lender or the borrower. A 10% change in foreign exchange rate sensitivity test has been performed since this represents the Directors' assessment of a reasonably possible change in foreign exchange rates.

	Pounds sterling impact		Euro impact		Chinese renminbi impact	
	2022 \$'m	2021 \$'m	2022 \$'m	2021 \$'m	2022 \$'m	2021 \$'m
10% depreciation of US dollar against foreign currency						
(i) Profit before tax	(0.1)	(1.5)	0.1	1.3	(1.2)	(2.0)
(ii) Equity*	(4.3)	(3.6)	(0.6)	(3.2)	-	-
10% appreciation of US dollar against foreign currency						
(i) Profit before tax	0.1	1.2	(0.1)	(1.1)	1.0	1.7
(ii) Equity*	3.5	2.9	0.5	2.6	-	-

i. The main exposure impacting profit before tax is on Chinese renminbi monetary liabilities in the Group at the reporting date.

ii. This is mainly attributable to changes in the carrying value of intercompany loans for which settlement is not planned and external borrowing designated as a hedging instrument.

\* Excludes any deferred tax impact.

**Copper commodity price risk**

Copper price volatility is the single largest commodity price exposure facing the Group. Many of the Group's products, in particular power cords used to manufacture the Group's power products, are manufactured from components that contain significant amounts of copper. Where possible, the Group will pass on copper price movements to its customers. In order to mitigate the remaining volatility associated with copper, the Group has entered into arrangements with its key suppliers to purchase copper. Coupled with these purchases, the Group has entered into a number of contracts with financial institutions which are linked to the average copper price as published by the London Metal Exchange ('LME'). These contracts have been deemed cash flow hedges of forecast future copper purchases. At the reporting date, the open copper contracts are as follows:

Copper cash flow hedges Contracted copper price	2022		2021	
	Contracted volume (MT)	Fair value \$'m	Contracted volume (MT)	Fair value \$'m
\$5,500-\$6,000	-	-	30	0.1
\$6,000-\$6,500	-	-	-	-
\$6,500-\$7,000	-	-	-	-
\$7,000-\$7,500	-	-	-	-
\$7,500-\$8,000	-	-	-	-
\$8,000-\$8,500	-	-	-	-
\$8,500-\$9,000	18	-	200	-
\$9,000-\$9,500	-	-	-	-
\$9,500-\$10,000	13	-	-	-
	31	-	230	0.1

All contracts expire within 12 months of 3 April 2022.

# Notes to the Financial Statements

For the 52 weeks ended 3 April 2022 (52 weeks ended 4 April 2021)

## 31. Financial instruments CONTINUED

### Liquidity risk

The Group manages liquidity risk by maintaining adequate banking facilities, regular monitoring of forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. Included in note 19 is a description of undrawn facilities as at the reporting date.

The following table analyses the Group's financial liabilities into relevant maturity groupings to show the timing of cash flows associated with the financial liabilities from the reporting date to the contracted maturity date. The amounts disclosed represent the contracted undiscounted cash flows (based on the earliest date on which the Group may be required to pay).

	Carrying amount \$'m	Contractual cash flows \$'m	Within 1 year \$'m	1-2 years \$'m	2-5 years \$'m	More than 5 years \$'m
<b>2022</b>						
<b>Non-derivative financial liabilities</b>						
Trade and other payables	(115.5)	(115.5)	(115.3)	(0.2)	-	-
Bank overdrafts and loans	(103.5)	(105.7)	(5.0)	-	(100.7)	-
Lease liabilities	(20.9)	(24.2)	(4.7)	(11.9)	(3.5)	(4.1)
<b>Derivative financial liabilities</b>						
Derivative financial instruments	(0.1)	(0.1)	(0.1)	-	-	-
	RESTATED Carrying amount \$'m	RESTATED Contractual cash flows \$'m	RESTATED Within 1 year \$'m	1-2 years \$'m	2-5 years \$'m	More than 5 years \$'m
<b>2021</b>						
<b>Non-derivative financial liabilities</b>						
Trade and other payables	(132.4)	(134.3)	(124.1)	(6.6)	(3.6)	-
Bank overdrafts and loans	(43.8)	(44.9)	(9.6)	(2.6)	(32.7)	-
Lease liabilities	(20.0)	(23.5)	(4.6)	(3.8)	(13.1)	(2.0)

Other payables restated due to amendment to DE-KA provisional Goodwill and contingent consideration (see note 35).

### Credit risk

The Group's principal financial assets are bank balances and cash, trade and other receivables. Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group.

Bank and cash balances comprise cash held by the Group and short-term bank deposits with an original maturity of three months or less. The carrying amount of these assets approximates to their fair value. The credit risk on these assets is limited because the counterparties are predominantly financial institutions with investment-grade credit ratings assigned by international credit rating agencies.

The Group's credit risk is therefore primarily attributable to its trade receivables. The Group's customers are predominantly large blue chip OEMs, contract equipment manufacturers and distributors. The Group regularly reviews the creditworthiness of significant customers and credit references are sought for major new customers where relevant. The Board recognises that credit risk is a feature of all businesses, especially international businesses. However, it believes that all reasonable steps to mitigate any loss are taken.

The net amount of trade receivables reflects the maximum credit exposure to the Group. No other guarantees or security have been given. For further information on the credit risk associated with trade and other receivables, see note 18.

## 32. Contingent liabilities

As a global Group, subsidiary companies, in the normal course of business, engage in significant levels of cross-border trading. The customs, duties and sales tax regulations associated with these transactions are complex and often subject to interpretation. While the Group places considerable emphasis on compliance with such regulations, including appropriate use of external legal advisers, full compliance with all customs, duty and sales tax regulations cannot be guaranteed.

Through the normal course of business, the Group provides manufacturing warranties to its customers and assurances that its products meet the required safety and testing standards. When the Group is notified that there is a fault with one of its products, the Group will provide a rigorous review of the defective product and its associated manufacturing process and, if found at fault and contractually liable, will provide for costs associated with recall and repair as well as rectify the manufacturing process or seek recompense from its supplier. The Group holds a provision to cover potential costs of recall or warranty claims for products which are in the field but where a specific issue has not been reported.

Where the Company enters into financial guarantee contracts to guarantee the indebtedness of other Group companies, the Company considers these to be insurance arrangements and treats the guarantee contract as a contingent liability until such time as it becomes probable that the Company will be required to make a payment under the guarantee. At the period end there were no outstanding guarantees (2021: none).

### 33. Related party transactions

Transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this section of the note.

The Group's other related party transactions were the remuneration of key management personnel (refer to note 9). Details of Directors' remuneration for the period are provided in the Remuneration Committee Report on page 85.

As explained in note 16, the Group has a 27.4% interest in Kepler SignalTek Ltd, which is accounted for as an associate. The Group invested \$2.0m (\$1.7m preference shares and \$0.3m equity investment). During the period, \$0.03m of preference shares were repaid (2021: \$0.05m) and \$0.25m was converted into shares. During the period, the Group accrued financial income of \$0.2m on the preference shares (2021: \$0.2m). The balance due from the associate as at the period end date was \$2.0m (2021: \$2.1m).

The Group also has a 43% interest in Volex-Jem Co. Ltd. The Group did not transact with the entity during the current or prior periods. The balance due to the associate as at the period end date was \$0.1m (2021: \$0.1m).

### 34. Events after the balance sheet date

There are no disclosable events after the balance sheet date.

### 35. Business combinations

#### Irvine Electronics LLC

On 29 October 2021 the Group completed the acquisition of 100% of the membership interests in Irvine Electronics LLC ('Irvine'), a US-based manufacturer of electronic solutions, including printed circuit board assemblies, across a wide variety of blue-chip customers, particularly in the defence, military aerospace and medical markets.

Irvine was acquired for cash consideration of \$15.1m funded from the Group's existing debt facilities. Cash paid includes the initial consideration and the working capital adjustment. There is no deferred or contingent consideration.

The provisional fair value amounts recognised in respect of the identifiable assets acquired and liabilities assumed are set out in the table below:

	Fair Value \$'m
Identifiable intangible assets	7.0
Property, plant and equipment	0.1
Right-of-use asset	1.6
Inventories	5.2
Trade receivables	3.2
Trade payables	(1.1)
Other debtors and creditors	(0.3)
Customer deposits	(3.6)
Provisions	(0.1)
Cash	0.9
Lease liabilities	(1.6)
<b>Total identifiable assets</b>	<b>11.3</b>
Goodwill	3.8
<b>Consideration</b>	<b>15.1</b>

An exercise has been conducted to assess the provisional fair value of assets and liabilities assumed. This exercise identified customer relationships and order backlog intangible assets.

The fair value adjustments are provisional and will be finalised within 12 months of the acquisition date. Any resulting changes in the fair values will have an impact on the acquisition accounting and will result in a reallocation between the assets and goodwill and a possible adjustment to the amortisation charge shown in the income statement.

The provisional goodwill balance recognised above includes certain intangible assets that cannot be separately identified and measured due to their nature. This includes control over the acquired business, the skills and experience of the assembled workforce and the anticipated synergies arising on integration. The goodwill recognised is expected to be deductible for income tax purposes over a 15-year period.

In FY2022, Irvine contributed \$6.8m to Group revenue and \$40,000 to adjusted operating profit. Associated acquisition costs of \$0.7m and intangible asset amortisation of \$0.5m have both been expensed as adjusting items in the period.

If Irvine had been acquired at the beginning of the year, it would have contributed revenues of \$21.7m and operating profit of \$4.4m to the results of the Group.

# Notes to the Financial Statements

For the 52 weeks ended 3 April 2022 (52 weeks ended 4 April 2021)

## 35. Business combinations CONTINUED

### Terminal & Cable TC Inc and Prodamex SA de CV

On 4 January 2022 the Group completed the acquisitions of Terminal and Cable TC Inc ('TC') and Prodamex SA de CV ('Prodamex'). TC provides ruggedised wire harness manufacturing capabilities focusing in the "off-highway" market sector, supporting defence, industrial, agricultural and construction machinery. Prodamex is a business focused on wire harnesses for domestic appliances from its manufacturing facility in Central Mexico.

TC and Prodamex were acquired for a combined cash consideration of \$18.9m funded from the Group's existing debt facilities. Included within this amount is the estimated working capital adjustment of \$1.2m which will be paid during FY2023. There is no deferred or contingent consideration.

The provisional fair value amounts recognised in respect of the identifiable assets acquired and liabilities assumed are set out in the table below:

	TC \$'m	Prodamex \$'m	Total \$'m
Identifiable intangible assets	3.0	3.0	6.0
Property, plant and equipment	0.3	0.7	1.0
Right-of-use asset	2.8	0.7	3.5
Inventories	3.7	3.6	7.3
Trade receivables	2.1	1.2	3.3
Trade payables	(1.0)	(1.6)	(2.6)
Other debtors and creditors	(0.5)	(0.5)	(1.0)
Cash	1.8	–	1.8
Deferred taxes	(0.8)	(0.6)	(1.4)
Retirement benefit obligation	–	(0.1)	(0.1)
Lease liabilities	(2.8)	(0.7)	(3.5)
<b>Total identifiable assets</b>	<b>8.6</b>	<b>5.7</b>	<b>14.3</b>
Goodwill	1.7	2.9	4.6
<b>Consideration</b>			<b>18.9</b>

An exercise has been conducted to assess the provisional fair value of assets and liabilities assumed. This exercise identified customer relationships and order backlog intangible assets.

The fair value adjustments are provisional and will be finalised within 12 months of the acquisition date. Any resulting changes in the fair values will have an impact on the acquisition accounting and will result in a reallocation between the assets and goodwill and a possible adjustment to the amortisation charge shown in the income statement.

The provisional goodwill balance recognised above includes certain intangible assets that cannot be separately identified and measured due to their nature. This includes control over the acquired businesses, the skills and experience of the assembled workforce and the anticipated synergies arising on integration. None of the goodwill recognised is expected to be deductible for income tax purposes.

In FY2022, TC contributed \$2.4m to Group revenue and a loss of \$0.1m to the Group adjusted operating profit. Associated acquisition costs of \$0.4m and intangible asset amortisation of \$0.1m have both been expensed as adjusting items in the period. If TC had been acquired at the beginning of the year, it would have contributed revenues of \$11.6m and operating profit of \$0.9m to the results of the Group.

In FY2022, Prodamex contributed \$3.3m to Group revenue and \$0.2m to adjusted operating profit. Associated acquisition costs of \$0.4m and intangible asset amortisation of \$0.2m have both been expensed as adjusting items in the period. If Prodamex had been acquired at the beginning of the year, it would have contributed revenues of \$14.9m and operating profit of \$1.0m to the results of the Group.



**35. Business combinations** CONTINUED**inYantra Technologies Pvt Ltd**

On 30 March 2022 the Group completed the acquisition of 51% of the share capital in inYantra Technologies Pvt Ltd ('inYantra') and 100% of the industrial land and operational buildings. The company operates from a site in Pune, India, with expertise in printed circuit board assembly and box build integrated solutions.

The inYantra business was acquired for a total cash consideration of \$13.1m with \$8.1m paid initially with \$5.0m paid in April 2022 upon completion of the transfer of the building. There is no other deferred or contingent consideration.

The provisional fair value amounts recognised in respect of the identifiable assets acquired and liabilities assumed are set out in the table below:

	Fair Value \$'m
Identifiable intangible assets	2.3
Property, plant and equipment	6.0
Inventories	3.6
Trade receivables	3.9
Trade payables	(4.5)
Other debtors and creditors	(1.4)
Cash	2.5
Deferred taxes	(0.7)
Bank loan	(1.1)
<b>Total identifiable assets</b>	<b>10.6</b>
Less non-controlling interest	(7.4)
Goodwill	9.9
<b>Consideration</b>	<b>13.1</b>

An exercise has been conducted to assess the provisional fair value of assets and liabilities assumed. This exercise identified customer relationships and order backlog intangible assets. The property and property, plant and equipment were subject to an external valuation.

The fair value adjustments are provisional and will be finalised within 12 months of the acquisition date. Any resulting changes in the fair values will have an impact on the acquisition accounting and will result in a reallocation between the assets and goodwill and a possible adjustment to the amortisation charge shown in the income statement. The interest of the non-controlling interest has been initially measured at fair value.

The provisional goodwill balance recognised above includes certain intangible assets that cannot be separately identified and measured due to their nature. This includes control over the acquired business, the skills and experience of the assembled workforce and the anticipated synergies arising on integration. None of the goodwill recognised is expected to be deductible for income tax purposes.

Due to the timing of the acquisition no trading activity has been consolidated into the FY2022 income statement. Associated acquisition costs of \$0.6m have been expensed as adjusting items in the period. If inYantra had been acquired at the beginning of the year, it would have contributed revenues of \$21.9m and operating profit of \$1.2m to the results of the Group.

# Notes to the Financial Statements

For the 52 weeks ended 3 April 2022 (52 weeks ended 4 April 2021)

## 35. Business combinations CONTINUED

### DE-KA

On 18 February 2021 Volex plc completed the acquisition of DE-KA. In accordance with IFRS 3 'Business Combinations' the group has updated the provisional fair value of the contingent consideration used in calculating Goodwill. The change in estimate reflects improved understanding associated with a potential working capital payment to/from the former owners of the business measured over the July - December 2022 period. The impact of this change was to increase Goodwill by \$2.5m and record contingent consideration of \$2.5m.


Net cash outflow on acquisitions	\$'m
Cash consideration	
– Irvine	15.1
– TC and Prodamex	17.7
– inYantra	8.1
<b>Total cash consideration</b>	<b>40.9</b>
Less: cash and cash equivalents acquired	
– Irvine	0.9
– TC and Prodamex	1.8
– inYantra	2.5
<b>Net cash outflow</b>	<b>35.7</b>
<b>Payment of deferred and contingent consideration</b>	
– DE-KA	17.2
– Servatron	1.7
– Ta Hsing	0.3
<b>Net cash outflow</b>	<b>19.2</b>

# Company Statement of Financial Position

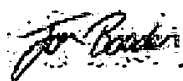
As at 3 April 2022 (4 April 2021)

	Notes	Company	
		2022 £'m	2021 £'m
<b>Non-current assets</b>			
Right-of-use-assets	4	0.1	–
Investments	5	191.3	147.7
Deferred tax asset	10	8.0	6.0
		<b>199.4</b>	<b>153.7</b>
<b>Current assets</b>			
Inventories	6	4.6	3.9
Trade receivables	7	9.6	7.1
Other receivables	7	16.2	17.9
Derivative financial instruments		0.3	0.1
Cash and bank balances		0.1	5.5
		<b>30.8</b>	<b>34.5</b>
<b>Total assets</b>		<b>230.2</b>	<b>188.2</b>
<b>Current liabilities</b>			
Borrowings		2.3	–
Trade payables	9	0.7	0.6
Other payables	9	23.0	28.6
Lease liability	4	0.1	–
Provisions	9	0.4	0.4
Derivative financial instruments		0.1	–
Retirement benefit obligation	11	0.8	0.8
		<b>27.4</b>	<b>30.4</b>
<b>Net current assets</b>		<b>3.4</b>	<b>4.1</b>
<b>Non-current liabilities</b>			
Borrowings	8	75.1	22.9
Other payables	9	2.8	7.1
Retirement benefit obligation	11	0.2	1.5
		<b>78.1</b>	<b>31.5</b>
<b>Total liabilities</b>		<b>105.5</b>	<b>61.9</b>
<b>Net assets</b>		<b>124.7</b>	<b>126.3</b>
<b>Equity attributable to owners of the parent</b>			
Share capital	13	39.7	39.3
Share premium account	13	44.3	44.3
Hedging and translation reserve		(3.4)	(3.3)
Merger reserve		8.2	8.2
Retained earnings		35.9	37.8
<b>Total equity</b>		<b>124.7</b>	<b>126.3</b>

The notes on pages 151 to 162 are an integral part of these financial statements. The loss after tax for the period of the Company amounted to £0.1m (2021: profit of £9.6m). The financial statements on pages 149 to 162 of Volex plc (company number: 158956) were approved by the Board of Directors and authorised for issue on 23 June 2022. They were signed on its behalf by:



**Nathaniel Rothschild**  
Executive Chairman



**Jon Boaden**  
Chief Financial Officer

# Company Statement of Changes in Equity

For the 52 weeks ended 3 April 2022 (52 weeks ended 4 April 2021)

	Notes	Share capital £'m	Share premium account £'m	Hedging and translation reserve £'m	Merger reserve £'m	Retained earnings £'m	Total equity £'m
<b>Balance at 5 April 2020</b>		38.0	33.7	(3.4)	8.2	29.9	106.4
Profit for the period attributable to the owners of the parent		-	-	-	-	9.6	9.6
Other comprehensive income/(expense) for the period		-	-	0.1	-	(0.4)	(0.3)
Total comprehensive income for the period		-	-	0.1	-	9.2	9.3
Shares issued	13	1.2	10.6	-	-	-	11.8
Exercise of deferred bonus shares	13	0.1	-	-	-	(0.1)	-
Dividend paid	14	-	-	-	-	(4.7)	(4.7)
Credit to equity for equity-settled share-based payments		-	-	-	-	2.4	2.4
Tax effect of share options		-	-	-	-	1.1	1.1
<b>Balance at 4 April 2021</b>		<b>39.3</b>	<b>44.3</b>	<b>(3.3)</b>	<b>8.2</b>	<b>37.8</b>	<b>126.3</b>
Loss for the period attributable to the owners of the parent		-	-	-	-	(0.1)	(0.1)
Other comprehensive (expense)/income for the period		-	-	(0.1)	-	0.4	0.3
Total comprehensive (expense)/income for the period		-	-	(0.1)	-	0.3	0.2
Shares issued	13	0.4	-	-	-	(0.4)	-
Dividend paid	14	-	-	-	-	(5.3)	(5.3)
Credit to equity for equity-settled share-based payments		-	-	-	-	3.2	3.2
Tax effect of share options		-	-	-	-	0.3	0.3
<b>Balance at 3 April 2022</b>		<b>39.7</b>	<b>44.3</b>	<b>(3.4)</b>	<b>8.2</b>	<b>35.9</b>	<b>124.7</b>

# Notes to the Company Financial Statements

For the 52 weeks ended 3 April 2022 (52 weeks ended 4 April 2021)

## 1. General Information

Volex plc (the Company) is a public company limited by shares domiciled and incorporated in the United Kingdom under the Companies Act 2006. Its shares are listed on AIM, a market on the London Stock Exchange. The address of the registered office is given on page 164.

The principal activities of the Company are the manufacture and sale of power and data cables, and to act as the ultimate holding company of the Volex Group.

## 2. Significant accounting policies

### 2.1 Basis of preparation

The parent company financial statements are presented in pounds sterling which is also the functional currency of the Company.

The separate financial statements of the Company are drawn up in accordance with the Companies Act 2006 and Financial Reporting Standard 101 'Reduced Disclosure Framework', (FRS 101). The Company will continue to prepare its financial statements in accordance with FRS 101 on an ongoing basis until such time as it notifies shareholders of any change to its chosen accounting framework.

The Company financial statements have been prepared using the historical cost convention, as modified by the revaluation of certain financial assets and financial liabilities and in accordance with the UK Companies Act 2006.

The following exemptions available under FRS 101 have been applied:

- ▶ Paragraphs 45(b) and 46 to 52 of IFRS 2, 'Share-based Payment' (details of the number and weighted-average exercise prices of share options, and how the fair value of goods or services received was determined);
- ▶ IFRS 7 'Financial Instruments: Disclosures';
- ▶ Paragraph 91 to 99 of IFRS 13, 'Fair value measurement' (disclosure of valuation techniques and inputs used for fair value measurement of assets and liabilities);
- ▶ Paragraph 38 of IAS 1 'Presentation of financial statements' comparative information requirements in respect of paragraph 79(a)(iv) of IAS 1;
- ▶ Paragraph 118(e) of IAS 38, 'Intangible assets' (reconciliations between the carrying amount at the beginning and end of the period).
- ▶ The following paragraphs of IAS 1 'Presentation of financial statements':
  - 10(d) (statement of cash flows);
  - 16 (statement of compliance with all IFRS);
  - 38A (requirement for minimum of two primary statements, including cash flow statements);
  - 38B-D (additional comparative information);
  - 111 (cash flow statement information); and
  - 134-136 (capital management disclosures).
- ▶ IAS 7 'Statement of cash flows';
- ▶ Paragraph 30 and 31 of IAS 8 'Accounting policies, changes in accounting estimates and errors' (requirement for the disclosure of information when an entity has not applied a new IFRS that has been issued but is not yet effective);
- ▶ The requirements in IAS 24 'Related party disclosures' to disclose related party transactions entered into between two or more members of a group.
- ▶ Paragraph 52, the second sentence of paragraph 89, and paragraphs 90, 91 and 93 of IFRS 16 Leases.

The Company has elected to take the exemption under section 408 of the Companies Act 2006 to not present the parent Company statement of comprehensive income (and separate income statement). The loss for the parent Company for the period was £0.1m (2021: profit of £9.6m).

There have been no new or amended accounting standards or interpretations adopted during the year that have a significant impact on the financial statements.

### 2.2 Going concern

The Company's financial statements have been prepared on the going concern basis, which contemplates the continuity of normal business activity and the realisation of assets and the settlement of liabilities in the normal course of business. Refer to note 2 of the Group financial statements on page 107 for further information on the going concern assessment.

# Notes to the Company Financial Statements

For the 52 weeks ended 3 April 2022 (52 weeks ended 4 April 2021)

## 2. Significant accounting policies CONTINUED

### 2.3 Revenue recognition

Revenue is recognised in accordance with the satisfaction of performance obligations of contracts. The majority of the Company's contracts have just one performance obligation which is the delivery of goods, which under IFRS 15 is recognised at a single point, on delivery or pick-up depending on the agreed terms with the customer.

This is normally when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services.

The Company has concluded that it is the principal in its revenue arrangements. Revenue is measured at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, net of discounts, VAT and other sales-related taxes. The Company's revenues are derived from Europe.

### 2.4 Business combinations

Acquisitions are accounted for using the acquisition method as described in the Group's business combinations accounting policy. This includes the determination of fair values for assets and liabilities acquired, including the separate identification of intangible assets, which use assumptions and estimates and are therefore subjective. The Group has developed a process to meet the requirements of IFRS 3, including the separate identification of customer relationship intangible assets based on estimated future performance and customer attrition rates. External valuation specialists are used where appropriate.

### 2.5 Investments

Investments are stated at cost and reviewed for impairment if there are indicators that the carrying value may not be recoverable. An impairment loss is recognised to the extent that the carrying amount cannot be recovered either by selling the asset or by continuing to hold the asset and benefiting from the net present value of the future cash flows of the investment. Where subsidiary undertakings incur charges for share-based payments in respect of share options and awards granted by the Company, a capital contribution in the same amount is recognised as an investment in subsidiary undertakings with a corresponding credit to shareholders' equity.

### 2.6 Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any recognised impairment loss. Cost includes the original purchase price of the asset and any further costs attributable to bringing the asset to its working condition for its intended use.

Depreciation is recognised so as to write off the cost or valuation of assets (other than freehold land which is not depreciated) less their residual values over their useful lives, using the straight-line method, on the following basis:

Freehold and long leasehold buildings	up to 50 years or period of lease, if shorter
Plant and machinery	3 to 15 years

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. The gain or loss arising on the disposal of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in income.

### 2.7 Intangible assets – computer software and licences

Computer software is stated at cost less accumulated depreciation and any recognised impairment loss. Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and use the specific software. These costs are included in the statement of financial position within intangible assets and are amortised straight-line over their estimated useful lives of between three and five years. Costs associated with maintaining computer software are recognised as an expense as incurred.

### 2.8 Leases

Upon commencement of a lease, a right-of-use asset and corresponding liability are recognised. The liability is initially measured at the present value of the future lease payments for the lease term. The depreciation of the right-of-use asset and interest on the lease liability will be recognised in the income statement over the lease term. Leases with terms less than 12 months or deemed low value are not capitalised.

### 2.9 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using a standard cost methodology and adjusted for material variances such that the adjusted figure represents direct materials, direct labour and an attributable proportion of manufacturing overheads based on normal levels of activity. Net realisable value is based on estimated selling price, less all estimated costs of completion and costs to be incurred in marketing, selling and distribution. Provision is made for obsolete, slow moving or defective items where appropriate.

## 2. Significant accounting policies CONTINUED

### 2.10 Trade and other receivables

For trade receivables, the Company applies the simplified approach permitted by IFRS 9, resulting in trade receivables recognised and carried at original invoice amount less an allowance for any uncollectible amounts based on expected credit losses. The Company assesses on a forward-looking basis the expected credit losses associated with its receivables carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

### 2.11 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks with original maturities of three months or less, and bank overdrafts. In the balance sheet, bank overdrafts are shown within borrowings in current liabilities.

### 2.12 Borrowings

Interest-bearing loans and overdrafts are recognised initially at fair value, net of transaction costs incurred. Subsequent to initial recognition, borrowings are measured at amortised cost, using the effective interest rate method.

### 2.13 Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

### 2.14 Derivative financial instruments

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The resulting gain or loss is recognised in profit or loss immediately.

A derivative is classified as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and it is not expected to be realised or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

Further details of derivative financial instruments are disclosed in note 31 to the consolidated financial statements.

### 2.15 Taxation

The tax expense for the period comprises current and deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case the tax is recognised in other comprehensive income or directly in equity, respectively.

The tax currently payable is based on taxable profit for the period. Taxable profit differs from profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other periods and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates and laws that have been enacted or substantively enacted by the reporting date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit and is accounted for using the liability method.

Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary differences arise from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates and interests in joint ventures, except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised based on tax rates and laws that have been enacted or substantively enacted by the reporting date. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited in other comprehensive income, in which case the deferred tax is also dealt with in other comprehensive income.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

# Notes to the Company Financial Statements

For the 52 weeks ended 3 April 2022 (52 weeks ended 4 April 2021)

## 2. Significant accounting policies CONTINUED

### 2.16 Share-based payment transactions

Certain senior employees within the Group (including executives) receive remuneration in the form of share-based payment transactions where the individuals are compensated for services they provide with consideration in the form of equity instruments. The parent Company settles the award by delivering its own equity instruments to the employees of the subsidiary.

The cost of equity-settled transactions with employees is measured with reference to the fair value of the equity instrument at the date they are granted and for employees of the Company is recognised as an expense over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the employee becomes fully entitled to the award.

No expense is recognised for awards that do not ultimately vest as a result of not meeting performance or service conditions. Where all service and performance vesting conditions have been met, the awards are treated as vesting, irrespective of whether or not the market condition is satisfied, as market conditions have been reflected in the fair value of the equity instruments.

The fair value determined at the date of grant of the equity-settled share-based payments is expensed to the income statement on a straight-line basis over the vesting period, based on the estimate of the number of options that will eventually vest. At each reporting date, the Group revises its estimate of the number of equity instruments expected to vest as a result of the effect of non-market-based vesting conditions. The movement in cumulative expense since the previous balance sheet date is recognised in the income statement, with a corresponding entry in equity.

The fair value of the Company's employee services received in exchange for the grant of the options is recognised as an expense. The fair value of share-based payments in respect of employees of Group subsidiaries is recharged to those subsidiary undertakings on exercise of the awards. In the Company financial statements the amount recoverable from subsidiaries is reported as a capital contribution increasing the Company's investment in the employing subsidiary. A credit is recognised directly in shareholders' funds for both Company and subsidiary employees.

### 2.17 Retirement benefits

The Company has both defined benefit and defined contribution retirement benefit schemes, the former of which is now closed to new entrants. The retirement benefit obligation recognised in the Company statement of financial position represents the deficit or surplus in the Company's defined benefit scheme. For defined benefit schemes, the cost of providing benefits is determined using the Projected Unit Credit Method, with actuarial valuations carried out at the end of each reporting period.

Defined benefit costs are split into three categories:

- ▶ Remeasurement;
- ▶ Net interest expense or income; and
- ▶ Past service cost and gains and losses on curtailments and settlements.

Remeasurement comprises actuarial gains and losses, the effect of the asset ceiling (where applicable) and the return on scheme assets (excluding interest). These costs are recognised immediately in the statement of financial position with a charge or credit to the statement of comprehensive income in the period in which they occur. Remeasurement recorded in the statement of comprehensive income is not recycled. Net interest is calculated by applying a discount rate to the net defined benefit liability or asset and is recognised within finance costs. As the defined benefit scheme is now closed, no service cost is incurred.

Payments to defined contribution retirement benefit schemes are recognised as an expense when employees have rendered service entitling them to the contributions.

### 2.18 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction from the proceeds, net of tax.

### 2.19 Merger reserve

The merger reserve was derived from acquisitions made under old UK GAAP prior to the transition to IFRS.

### 2.20 Dividend distribution

Dividend distributions to the Company's shareholders are recognised as a liability in the Company's financial statements in the period in which the dividends are approved by the Company's shareholders.

### 2.21 Critical accounting judgements and key sources of estimation uncertainty

The preparation of Company financial statements in conformity with FRS 101 requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the Company financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods. The key area of judgement that has the most significant effect on the amounts recognised in the financial statements is the review for impairment of the carrying amount of investments in the Company's subsidiaries.



### 3. Staff costs

The average monthly number of employees (including Executive Directors) was:

	2022 Number	2021 Number
Sales and distribution	2	2
Administration	16	12
	18	14

Their aggregate remuneration comprised:

	2022 £'m	2021 £'m
Wages and salaries	3.0	2.4
Social security costs	0.3	0.3
Other pension costs (note 13)	0.1	0.2
	3.4	2.9

Directors' remuneration for the year totalled £2.3m (2021: £2.3m). The remuneration of the highest paid Director is £1.3m (2021: £1.1m). Employer contributions of £0.1m (2021: £0.1m) were made to defined contribution personal pension schemes in respect of the Directors. Further details of Directors' remuneration, share options, pension contributions, pension entitlements, fees for consulting services and interests for the period are provided in the Remuneration Committee Report on pages 75 to 89 and form part of the financial statements.

### 4. Right-of-use asset

This note provides information for leases where the Company is a lessee.

#### Amounts recognised in the balance sheet

The balance sheet shows the following amounts relating to leases:

	3 April 2022 £'m	4 April 2021 £'m
<b>Right-of-use assets</b>		
Vehicles	0.1	-
	0.1	-
<b>Lease liability</b>		
Current	0.1	-
Non-current	-	-

Additions during the period to the right-of-use assets were £0.1m (2021: £0.0m).

# Notes to the Company Financial Statements

For the 52 weeks ended 3 April 2022 (52 weeks ended 4 April 2021)

## 5. Investments

The Company's fixed asset investments comprise investments in wholly-owned subsidiary undertakings and long-term loans as follows:

	Shares £'m	Loans £'m	Total £'m
<b>Cost</b>			
At 5 April 2020	67.1	61.1	128.2
Additions	112.4	2.3	114.7
Contribution	15.0	(15.0)	–
Disposals	(57.7)	–	(57.7)
Repayment	–	(16.1)	(16.1)
Exchange differences	–	(4.1)	(4.1)
<b>At 4 April 2021</b>	<b>136.8</b>	<b>28.2</b>	<b>165.0</b>
Additions	7.8	39.3	47.1
Capital contribution	1.5	–	1.5
Repayment	–	(6.5)	(6.5)
Exchange differences	–	2.6	2.6
<b>At 3 April 2022</b>	<b>146.1</b>	<b>63.6</b>	<b>209.7</b>
<b>Accumulated depreciation and impairment</b>			
At 5 April 2020	5.2	13.1	18.3
Impairment	7.3	(7.3)	–
Exchange differences	–	(1.0)	(1.0)
<b>At 4 April 2021</b>	<b>12.5</b>	<b>4.8</b>	<b>17.3</b>
Impairment	3.8	(3.8)	–
Exchange differences	–	1.1	1.1
<b>At 3 April 2022</b>	<b>16.3</b>	<b>2.1</b>	<b>18.4</b>
<b>Carrying amount</b>			
<b>At 3 April 2022</b>	<b>129.8</b>	<b>61.5</b>	<b>191.3</b>
At 4 April 2021	124.3	23.4	147.7
At 5 April 2020	61.9	48.0	109.9

In the United Kingdom, the Company includes two operational branches, Volex Powercords Europe and Volex Europe Cable Assemblies. Details of the Company's subsidiary undertakings are set out in note 17 'Related undertakings'. Investments in subsidiaries are all stated at cost less provision for impairment.

During the period the Group subscribed to share capital in Volex Group Holdings Ltd (£4.0m) and Volex Canada Inc ('Volex Canada') (£3.8m) to support the subsidiaries acquisitions of Prodamex and TC. The Company's previous investment and loans in Volex Canada were previously impaired, as such upon subscription of the new shares the investment was immediately impaired with a corresponding reversal of the previously impaired loan balance.

The capital contribution of £1.5m (2021: £nil) is in respect of the fair value of equity-settled share-based payment transactions during the period with employees of Group subsidiary companies which will be recharged to the employing subsidiaries when the awards are exercised. A corresponding increase to shareholders' funds was recognised.

During the prior period on 18 February 2021, the Company acquired De-Ka Elektrotechnik Sanayi ve Ticaret Anonim Şirketi ('DE-KA') for consideration of £57.7m. Following this acquisition the Company decided to transfer ownership to Volex (Asia) Pte Ltd which owns a number of the Group's power businesses. As part of the transfer process, the Company also recapitalised Volex Holdings Inc and Volex Pte Ltd to allow a number of inter-company balances to be settled. As part of this process, on 26 March 2021 Volex plc subscribed to £49.6m of preferred stock in Volex Holdings Inc which included the contribution of an existing £15.0m receivable. DE-KA was then sold to Volex (Asia) Pte Ltd at book value, in return for a new inter-company note receivable. A loss of £0.9m was recognised on the remeasurement of the fair value of the transaction. The note receivable was subsequently eliminated through Volex plc subscribing to £20.2m of additional share capital in Volex Pte Ltd.

All loans are carried at amortised cost. Interest is charged at either a fixed rate or linked to a public indices. In the 52 weeks to 3 April 2022, the Company's loans receivable accrued interest of between 0% - 3%. Repayments were received from Volex Inc, Silcotec Europe Ltd and Volex (Asia) Pte Ltd during the period.

During the period, the Company received one dividend (2021: two) totalling £2.8m (2021: £3.8m) from GTK (Holdco) Ltd.

## 6. Inventories

	2022 £'m	2021 £'m
Finished goods	4.6	3.9
	4.6	3.9

## 7. Trade and other receivables

	2022 £'m	2021 £'m
<b>Trade receivables</b>		
Amounts receivable for the sale of goods	9.6	7.1
Loss allowance	-	-
	9.6	7.1
<b>Other receivables</b>		
Amounts due from Group undertakings	15.4	17.1
Other debtors	0.4	0.5
Prepayments	0.4	0.3
	16.2	17.9
Due for settlement within 12 months	16.2	17.9
Due for settlement after 12 months	-	-
	16.2	17.9

Amounts due from Group undertakings are unsecured, non-interest bearing and repayable on demand.

## 8. Borrowings and lease liability

	2022 £'m	2021 £'m
<b>Secured borrowings at amortised cost</b>		
Bank loans	75.1	22.9
Lease liability	0.1	-
<b>Total borrowings at amortised cost</b>	75.2	22.9
Amount due for settlement within 12 months	0.1	-
Amount due for settlement after 12 months	75.1	22.9
	75.2	22.9

At 3 April 2022, debt issue costs of £1.7m were included within the total bank loan balance shown above (2021: £0.8m). Full details of the bank loans are disclosed in note 19 'Borrowings and lease liabilities' to the consolidated financial statements.

## 9. Trade and other payables

	2022 £'m	2021 £'m
<b>Trade payables</b>	0.7	0.6
<b>Other payables</b>		
Amounts owed to Group undertakings	17.5	15.0
Other taxes and social security	0.3	-
Accruals and deferred income	8.0	20.7
	25.8	35.7
Due for settlement within 12 months	23.0	28.6
Due for settlement after 12 months	2.8	7.1
	25.8	35.7

Amounts owed to Group undertakings are unsecured, non-interest bearing and repayable on demand. The Directors consider that the carrying amount of trade and other payables approximates to their fair value.

The Company has a provision of £0.4m (2021: £0.4m) related to a specific product warranty claim. The amount represents the Directors' best estimate, based upon past experience, of the Group's liability. The timing of the cash outflow with respect to these claims is uncertain. Included in accruals and deferred income is £4.2m (2021: £15.4m) relating to deferred and contingent consideration for acquisitions.

# Notes to the Company Financial Statements

For the 52 weeks ended 3 April 2022 (52 weeks ended 4 April 2021)

## 10. Deferred tax

The following are the deferred tax assets recognised by the Company and movements thereon during the reporting period.

	Trading losses £'m	Accelerated tax depreciation £'m	Other short term timing differences £'m	Share-based payments £'m	Total £'m
<b>At 5 April 2020</b>	–	–	–	–	–
Credit to income statement	3.9	0.6	0.1	0.4	5.0
Credit to other comprehensive income	–	–	0.4	–	0.4
Credit directly to equity	–	–	–	0.6	0.6
<b>At 4 April 2021</b>	<b>3.9</b>	<b>0.6</b>	<b>0.5</b>	<b>1.0</b>	<b>6.0</b>
Credit/(expense) to income statement	1.7	0.4	(0.1)	0.2	2.2
Expense directly to equity	–	–	–	(0.2)	(0.2)
<b>At 3 April 2022</b>	<b>5.6</b>	<b>1.0</b>	<b>0.4</b>	<b>1.0</b>	<b>8.0</b>

At the reporting date, the Company had unused tax losses of £41.0m (2021: £42.9m) available for offset against future profits. Of this amount, £10.3m (2021: £10.6m) are post-31 March 2017. The losses may be carried forward indefinitely.

The carrying amount of deferred tax assets is reviewed at each reporting date and recognised to the extent that it is probable that there are sufficient taxable profits to allow all or part to be recovered. Deferred tax assets have been recognised based on future forecast taxable profits.

On 3 March 2021 the UK Government announced changes to the UK corporate tax system and an increase in tax rate from the fiscal year 2023 to 25% from the currently enacted rate of 19%. This tax rate change was substantively enacted on 24 May 2021 and therefore has been reflected in the Company deferred tax balances in the current period, resulting in an increase to the value of the deferred tax assets. Deferred tax assets are measured at the tax rate expected to apply in the period in which the asset is realised.

## 11. Retirement benefit obligation

### Defined benefit scheme

The Company operates a defined benefit pension arrangement called the Volex Executive Pension Scheme (the 'Scheme'). The Scheme provides benefits based on final salary and length of service upon retirement, leaving service or death.

The Scheme is subject to the Statutory Funding Objective under the Pensions Act 2004. A valuation of the Scheme is carried out at least once every three years to determine whether the Statutory Funding Objective is met. As part of the process the Company must agree with the Trustees of the Scheme the contributions to be paid to meet the Statutory Funding Objective. The future contributions required to meet the Statutory Funding Objective do not currently affect the balance sheet of the Scheme in these financial statements.

The most recent comprehensive actuarial valuation of the Scheme was carried out as at 31 July 2019 and the next valuation of the Scheme is due as at 31 July 2022. In the event that the valuation reveals a larger deficit than expected the Company may be required to increase contributions above those set out in the existing Schedule of Contributions. Conversely, if the position is better than expected, it's possible that contributions may be reduced.

In accordance with the Schedule of Contributions dated September 2020 the Company has agreed to pay contributions of £0.8m p.a. (payable in quarterly instalments) over the period to 2 April 2023.

In 2019 the Company recognised a pension past service cost of £0.4m in adjusting items as a result of Guaranteed Minimum Pension (GMP) equalisation following a legal judgement requiring all pension schemes conduct an equalisation of male and female members' benefits for the effect of unequal GMPs. During the prior period, an additional charge of £0.1m arose as a result of a further legal judgement which confirmed there was also an obligation to pay additional amounts where certain past transfer payments had not been equalised for the effects of GMPs.

Further details of the scheme and assumptions associated with the actuarial valuation are provided in note 30 to the Group financial statements.

### Defined contribution scheme

The Company operates a Group personal pension plan for employees and pays contributions to administered pension insurance plans. Contributions to the defined contribution schemes are charged to the income statement as they fall due. The Group has no further obligations once the contributions have been made. The total cost charged to the Company's income statement in the period was £0.1m (2021: £0.1m).

## 12. Share-based payments

The Company currently uses a number of equity-settled share plans to grant options and shares to the Directors and employees of its subsidiaries. Full details of share-based payments, share option schemes and share plans are disclosed in note 29 'Share-based payments' to the consolidated financial statements.

### 13. Share capital

	Ordinary shares of £0.25 each Number	Par value £'m	Share premium £'m	Total £'m
Allotted, called up and fully paid:				
<b>At 5 April 2020</b>	151,818,762	38.0	33.7	71.7
Issue of deferred bonus shares	432,040	0.1	–	0.1
Acquisition of DE-KA	3,320,000	0.8	10.6	11.4
Acquisition of Servatron – contingent consideration	1,481,239	0.4	–	0.4
<b>At 4 April 2021</b>	<b>157,052,041</b>	<b>39.3</b>	<b>44.3</b>	<b>83.6</b>
Issue of new shares	1,666,668	0.4	–	0.4
<b>At 3 April 2022</b>	<b>158,718,709</b>	<b>39.7</b>	<b>44.3</b>	<b>84.0</b>

The Company has no authorised share capital.

During the current and prior period, the Group issued shares to satisfy the requirement of share awards, deferred bonus awards and fund acquisitions. During the current period the Company issued 1,666,668 ordinary shares to satisfy the vesting of the share awards granted to the senior employees and/or former owners of Servatron and GTK as the businesses met the required operating profit targets set out in the acquisition agreements.

Under the FY2022 deferred share bonus plan, shares will be awarded to the executive management team in lieu of a cash bonus. These will be issued in accordance with the terms of the deferred share bonus plan.

### 14. Equity dividend

Dividends paid and received are included in the Company financial statements in the period in which the related dividends are actually paid or received or, in respect of the Company's final dividend for the period, approved by shareholders.

	2022 £'m	2021 £'m
<b>Declared during the period</b>		
Final dividend for the period ended 4 April 2021: 2.2p per share (2020: 2p per share)	3.4	3.0
Interim dividend for the period ended 3 April 2022: 1.2p per share (2021: 1.1p per share)	1.9	1.7
	<b>5.3</b>	<b>4.7</b>
<b>Proposed after the balance sheet date and not recognised as a liability:</b>		
Final dividend for the period ended 3 April 2022: 2.4p per share (2021: 2.2p per share)	3.8	3.4

The Group's consolidated reserves set out on page 105 do not reflect the profits available for distribution in the Group.

### 15. Other matters

The auditors' remuneration for the current period in respect of audit services was £0.3m (2021: £0.3m) and £nil for non-audit services performed (2021: £0.1m).

### 16. Related party transactions

For full details of transactions and arrangements with key management personnel (Directors of the Company), see note 9 of the consolidated financial statements.

# Notes to the Company Financial Statements

For the 52 weeks ended 3 April 2022 (52 weeks ended 4 April 2021)

## 17. Related undertakings

Voilex Powercords Europe and Voilex Europe Cable Assemblies are both trading divisions of Voilex plc. In accordance with Section 409 of the Companies Act 2006, the subsidiaries owned at 3 April 2022 are disclosed below. Unless otherwise stated the following subsidiary entities are either wholly or partly owned directly by the plc and/or through other Group companies. For the two joint ventures, ownership is shared between a local Voilex subsidiary and the relevant JV partner.

Name of entity	Footnote	Country of incorporation	Address	Percentage owned by plc
<b>Directly held</b>				
Voilex Pte Ltd	2	Singapore	37A Tampines Street 92, #08-01, Singapore 528886	100%
Voilex Holdings Inc	2	USA	511 E San Ysidro Blvd # 509, San Ysidro CA 92173	100%
Terminal & Cable TC Inc	1	Canada	300 - 50 O'Connor Street, Ottawa ON K1P 6L2, Canada	100%
160 Voilex Group Holdings Ltd	2	UK	Unit C1 Antura, Bond Close, Basingstoke, Hampshire, England, RG24 8PZ	100%
GTK (Holdco) Ltd	2	UK	Unit C2 Antura, Bond Close, Basingstoke, Hampshire, England, RG24 8PZ	100%
Voilex Poland Sp z o.o.	1	Poland	Podluzna 11-13, 85-790, Bydgoszcz, Kuyavian-Pomeranian Voivodeship, Poland	99%
Voilex Germany GmbH	3	Germany	Zu den Mühlen 19, 35390 Gießen, Deutschland	100%
Voilex Sweden AB	3	Sweden	C/O Servando Bolag AB, Johan Fredrik Stahl, Box 5814, 102 48 Stockholm	100%
Voilex International Korea LLC	3	South Korea		100%
Voilex do Brasil Ltda	3	Brazil	Rod. Geraldo Scavone 2.080, Unidade 13 A 16, Jacarei, 12305-490, Brazil	99%
Voilex (No.4) Ltd	3	UK	Unit C1 Antura, Bond Close, Basingstoke, Hampshire, England, RG24 8PZ	99%
Voilex (No.3) Ltd	3	UK	Unit C1 Antura, Bond Close, Basingstoke, Hampshire, England, RG24 8PZ	50%
Voilex (No.2) Ltd	3	UK	Unit C1 Antura, Bond Close, Basingstoke, Hampshire, England, RG24 8PZ	50%
Voilex (No.1) Ltd	3	UK	Unit C1 Antura, Bond Close, Basingstoke, Hampshire, England, RG24 8PZ	99%
Cable Products Ltd	3	UK	Unit C1 Antura, Bond Close, Basingstoke, Hampshire, England, RG24 8PZ	50%
Pencon Ltd	3	UK	Unit C1 Antura, Bond Close, Basingstoke, Hampshire, England, RG24 8PZ	50%
Voilex Executive Pension Scheme Trustee Ltd	3	UK	Unit C1 Antura, Bond Close, Basingstoke, Hampshire, England, RG24 8PZ	67%
Voilex Electrical Products Ltd	3	UK	Unit C1 Antura, Bond Close, Basingstoke, Hampshire, England, RG24 8PZ	90%
Voilex Group Pension Scheme Trustee Ltd	3	UK	Unit C1 Antura, Bond Close, Basingstoke, Hampshire, England, RG24 8PZ	99%
Ward and Goldstone Ltd	3	UK	Unit C1 Antura, Bond Close, Basingstoke, Hampshire, England, RG24 8PZ	99%
Voilex Interconnect Products Ltd	3	UK	Unit C1 Antura, Bond Close, Basingstoke, Hampshire, England, RG24 8PZ	99%
Voilex Electronics Ltd	3	UK	Unit C1 Antura, Bond Close, Basingstoke, Hampshire, England, RG24 8PZ	99%
Ionix Development Company Ltd	3	UK	Unit C1 Antura, Bond Close, Basingstoke, Hampshire, England, RG24 8PZ	99%
Pendle Connectors Ltd	3	UK	Unit C1 Antura, Bond Close, Basingstoke, Hampshire, England, RG24 8PZ	99%
Mayor (UK) Ltd	3	UK	Unit C1 Antura, Bond Close, Basingstoke, Hampshire, England, RG24 8PZ	99%
Voilex Interconnect Systems Ltd	3	UK	Unit C1 Antura, Bond Close, Basingstoke, Hampshire, England, RG24 8PZ	99%
Voilex Europe (No.1) Ltd	3	Ireland	Carraroe Industrial Estate, Carraroe, Co Galway, H91WR82	100%

1 Manufacture and/or sale of power and data cables

2 Holding company

3 Dormant company

Name of entity	Footnote	Country of incorporation	Address	Percentage owned by Group companies
<b>Indirectly held</b>				
G.T.K. (U.K.) Ltd	1	UK	Unit C2 Antura, Bond Close, Basingstoke, Hampshire, England, RG24 8PZ	100%
GTK Ltd	3	UK	Unit C2 Antura, Bond Close, Basingstoke, Hampshire, England, RG24 8PZ	100%
De-Ka Elektrotechnik Sanayi ve Ticaret Anonim Şirketi	1	Turkey	Akse Mah. Fevzi Çakmak Cad. No: 140 Çayırova, Kocaeli	100%
DEKA Electrotechnic RM S.R.L.	1	Romania	London Street 7, Aricestii Rahtivani, Prahova, Romania, 107025	100%
Volex (No.5) Ltd	3	UK	Unit C1 Antura, Bond Close, Basingstoke, Hampshire, England, RG24 8PZ	100%
GTK Electronics GmbH	1	Germany	Romberg 25b, 51381 Leverkusen	100%
GTK RO S.r.l	1	Romania	Str. Fantana Popova, Nr. 36, Et.1, Cod Postal, 200319, Craiova, Dolj, Romania	100%
Silcotec Europe (SK) s.r.o	1	Slovakia	Družstevná 14, Komárno, 945 05, Slovakia	100%
Silcotec Europe (UK) Ltd	3	UK	Unit C1 Antura, Bond Close, Basingstoke, Hampshire, England, RG24 8PZ	100%
Silcotec Europe Ltd	1	Ireland	Carraroe Industrial Estate, Carraroe, Co Galway, H91WR82	100%
Volex Inc	1	USA	511 E San Ysidro Blvd # 509, San Ysidro CA 92173	100%
MC Electronics LLC	1	USA	9571 Pan American Drive, El Paso, TX 79927	100%
Servatron Inc.	1	USA	12825 Mirabeau Parkway, Suite 104, Spokane Valley, WA 99216-1617	100%
Irvine Electronics LLC	1	USA	1601 Alton Parkway, Suite A, Irvine CA 92606	100%
Volex (Asia) Pte Ltd	1	Singapore	37A Tampines Street 92, #08-01, Singapore 528886	100%
PT Volex Indonesia	1	Indonesia	Kawasan Industri Sekupang, Batam, Kepulauan Riau, Indonesia 29428	100%
PT Volex Cable Assembly	3	Indonesia		100%
Volex Cable Assemblies (Phils) Inc	1	Philippines	Galaxy Building km 60.7 Maharlika Highway, Sto Thomas Batangas	100%
Volex Japan KK	1	Japan	9th floor Kannai Tosei Building II, Sumiyoshi-cho 4-45-1, Naka-Ku, Yokohama-shi, Kanagawa	100%
Volex (Taiwan) Co. Ltd	1	Taiwan	4F, No 1223, Zhongzheng Road, Taoyuan District, Taoyuan City 330, Taiwan	100%
Volex (Thailand) Co. Ltd	1	Thailand	No. 99/349, Chaengwattana Road, Thungsong-Hong, Laksi, Bangkok 10210, Thailand	100%
Volex Cable Assembly (Vietnam) Co Ltd	1	Vietnam	Plot D-5B, Thanglong Industrial Park, Vong La Commune, Dong Anh District, Hanoi, Vietnam	100%
Volex Cable Assemblies Sdn Bhd	1	Malaysia	B-03-13A, Empire Soho, Empire Subang, Jalan SS16/1, SS16, 47500, Subang Jaya, Selangor, Malaysia	100%
inYantra Technologies Pvt Ltd	1	India	GAT NO. 208-210, 221, 224 & Others, Shindewadi, Shirval - 412801	51%
Volex Interconnect (India) Pvt Ltd	1	India	Level 9, Olympia Teknos Park, No. 28 Sidco Industrial Estate, Guindy, Chennai, Tamil Nadu, IN 600 032	100%
Volex Cables (HK) Ltd	1	Hong Kong	Unit 5805, 58/F., Two International Finance Centre, 8 Finance Street, Central, Hong Kong	100%
Ta Hsing Industries Ltd	1	Hong Kong	Unit 5805, 58/F., Two International Finance Centre, 8 Finance Street, Central, Hong Kong	100%

# Notes to the Company Financial Statements

For the 52 weeks ended 3 April 2022 (52 weeks ended 4 April 2021)

Name of entity	Footnote	Country of incorporation	Address	Percentage owned by Group companies
Shenzhen Ta Hsing Wire and Cable Ltd	1	China	5 Horizontal Lane, Yuan Hu Road, Zhang Bei Community, Long Cheng Street, Long Gang District, Shenzhen City, Guang Dong	100%
Volex Interconnect Systems (Suzhou) Co. Ltd	1	China	Building 3, Fumin Phase 3, No.818 Wushong Road, Guoxiang Street, Wuzhong Economic Development Zone, Suzhou, Jiangsu Province 215124	100%
Volex Cable Assembly (Shenzhen) Co. Ltd	1	China	No. 6279, Longgang Avenue, Longgang District, Shenzhen City	100%
Volex Cable Assembly (Zhongshan) Co. Ltd	1	China	2 Xingda Street, Torch High-tech Ind Dvpt Zone, Zhongshan, 528437, China	100%
Prodamex SA de CV	1	Mexico	Carretera a Zacatecas Km 12.5 Nave 5, Parque Industrial Pueblo Viejo, Mexquitic de Carmona, SLP CP 78480, Mexico	100%
Volex Hermosillo SA de CV	3	Mexico	Palo Verde, 1085 Palo Verde, Solidaridad, CP 83280	100%
Volex de Mexico SA de CV	1	Mexico	Av 32 Sur, No 8950 Interior G/I,D,E,F, Parque Industrial La Mesa, Fraccionamiento Rubio, Tijuana; Baja California Mexico, CP 22116	100%
Volex Group plc Employees' Share Trust		Guernsey	St. Peter's House, Le Bordage, St. Peter Port, Guernsey, GY1 1BR	100%
<b>Interests in associates/joint ventures</b>				
Kepler SignalTek Ltd	1	Hong Kong	Unit 912 9/F Two Harbourfront 22 Tak Fung Street Hunghom KL, Hong Kong	
Volex-Jem Co Ltd	2	Taiwan	19F.-13, No. 79, Sec. 1, Xintai 5th Rd., Xizhi Dist., New Taipei City 22101, Taiwan (R.O.C.)	
Volex-Jem Cable Precision (Dongguan) Co., Limited	1	China	406 Qingfeng Road, Qingxi Town, Dongguan	

1 Manufacture and/or sale of power and data cables

2 Holding company

3 Dormant company



# Five Year Summary

	Unaudited IFRS 2022 \$'m	Unaudited IFRS 2021 \$'m	Unaudited IFRS 2020 \$'m	Unaudited IFRS 2019 \$'m	Unaudited IFRS 2018 \$'m
<b>Results</b>					
Revenue – total Group	614.6	443.3	391.4	372.1	322.4
Gross profit – total Group	125.8	103.9	90.7	73.5	55.8
Operating expenses – total Group	(84.8)	(73.2)	(73.6)	(60.5)	(47.1)
Underlying operating profit <sup>(i)</sup> – total Group	56.2	42.9	31.6	21.6	11.5
Adjusting operating items	(10.8)	(5.6)	(5.8)	(6.2)	(1.6)
Share-based payment charge	(4.4)	(6.6)	(8.7)	(2.4)	(1.1)
Profit on ordinary activities before taxation	36.2	29.4	15.9	11.6	7.0
Depreciation and amortisation (excluding intangible assets acquired in a business combination)	9.9	7.9	6.5	3.8	3.2
	Cents	Cents	Cents	Cents	Cents
Basic underlying earnings per share – total Group <sup>(ii)</sup>	26.9	32.1	18.2	13.1	9.2
Basic earnings per share – total Group	19.3	25.5	9.9	6.9	4.4

	\$'m	RESTATED <sup>(iv)</sup> \$'m	\$'m	\$'m	\$'m
<b>Statement of financial position</b>					
Non-current assets	216.9	185.3	84.7	56.0	24.6
Net cash/(debt) <sup>(iii)</sup>	(74.4)	(7.3)	31.6	20.6	9.9
Other assets and liabilities	66.0	6.0	14.2	39.0	13.6
Net assets	208.5	184.0	130.5	115.6	48.1
Gearing	36%	4%	–	–	–

<sup>i</sup> Defined as operating profit before adjusting items and share-based payments.

<sup>ii</sup> Defined as earnings per share before share-based payments and adjusting items, net of tax.

<sup>iii</sup> Following the adoption of IFRS 16 on 1 April 2019 this calculation excludes the lease liability.

<sup>iv</sup> The amounts for non-current assets and other assets and liabilities in 2021 have been restated due to the amendment to Goodwill and contingent consideration relating to the DE-KA acquisition (see note 35 to the Group accounts for further information).

# Shareholder Information

## Provisional Financial Calendar

### FY2023

Interim Results Announced w/c 7 November 2022

Period End 2 April 2023

Final Results Announced w/c 19 June 2023

## Registered Office and Advisers

### Registered Office

Unit C1 Antura, Bond Close

Basingstoke, Hampshire

RG24 8PZ

[www.volex.com](http://www.volex.com)

### Registered number

158956 (Registered in England and Wales)

### Registrars

Link Group

10th Floor

Central Square

29 Wellington Street

Leeds

LS1 4DL

[www.linkgroup.eu](http://www.linkgroup.eu)

### Independent Auditors

PricewaterhouseCoopers LLP

1 Embankment Place

London

WC2N 6RH

### Bankers

HSBC Bank plc

Citibank, N.A. London branch

Barclays Bank plc

Fifth Third Bank, National Association

UniCredit Bank AG, London Branch

### Nominated Adviser & Joint Broker

Singer Capital Markets

### Joint Broker

HSBC Bank plc

### Solicitors

Travers Smith LLP



417



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