Financial review

Jon Boaden
Chief Financial Officer

"Strong revenue growth, meaningful margin improvement and a further reduction in leverage reflect a year in which Volex executed well across every dimension of its financial framework."

	2026		2025	
	Revenue $'m	Profit/ (loss) $'m	Revenue $'m	Profit/ (loss) $'m
North America	**645.5**	**89.3**	503.5	51.9
Asia	**158.0**	**15.4**	170.4	20.9
Europe	**439.1**	**38.0**	412.6	45.5
Unallocated costs	**–**	**(15.4)**	–	(12.1)
Divisional results before share-based payments and adjusting items	**1,242.6**	**127.3**	1,086.5	106.2
Adjusting operating items		**0.7**		(18.3)
Share-based payments		**(7.0)**		(5.0)
Operating profit		**121.0**		82.9
Share of net (loss) / profit from associates		**(7.0)**		4.2
Finance income		**1.0**		0.7
Finance costs		**(21.6)**		(23.5)
Profit before taxation		**93.4**		64.3
Taxation		**(26.1)**		(15.3)
Profit after taxation		**67.3**		49.0
Basic earnings per share:				
Statutory		**35.2 cents**		25.9 cents
Underlying[1]		**43.5 cents**		36.3 cents

[1] Before adjusting items and share-based payments, net of tax.

It is my pleasure to introduce another year of strong financial performance for Volex. Group revenue grew 14.4% to $1,242.6 million, with organic growth of 14.2% led by significant Data Centre demand. Underlying operating profit rose 19.9% to $127.3 million, and underlying operating margin of 10.2% exceeded the upper end of our 9% to 10% target range for the first time. Return on capital employed improved to 21.0% (FY2025: 19.7%), reflecting the strong returns generated by our reinvestment programme. The Group's balance sheet remains strong, with covenant leverage of 0.8 times (FY2025: 1.0 times) providing flexibility to support further growth.

Statutory results

Revenue of $1,242.6 million (FY2025: $1,086.5 million) represents year-on-year growth of 14.4%. Statutory operating profit increased by $38.1 million to $121.0 million (FY2025: $82.9 million), which is an increase of 46.0% compared to the prior year. The substantial year-on-year increase in statutory operating profit is explained by lower adjusting items in FY2026 (a net credit of $0.7 million versus net charge of $18.3 million in FY2025), principally reflecting the release of contingent consideration related to a prior year acquisition. Net finance costs were $20.6 million (FY2025: $22.8 million), resulting in a profit before tax of $93.4 million (FY2025: $64.3 million), an increase of 45.3%. There was a tax charge for the year of $26.1 million (FY2025: $15.3 million). Basic earnings per share were 35.2 cents (FY2025: 25.9 cents), an increase of 35.9%.

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'). Alternative performance measures are set out on pages 205 to 206. 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.

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Group revenue

Group revenue increased by 14.4% to $1,242.6 million (FY2025: $1,086.5 million) reflecting high demand for the Group's high-speed data transmission products and solid performance in the EV & Electrification and Off-Highway sectors, which more than offset declines in Consumer Electricals and Medical. Sales in currencies other than US dollars resulted in a favourable year-on-year foreign exchange impact on revenue of $6.4 million. Group organic revenue growth was 14.2%. Group revenue commentary by end-market is set out in the Review of FY2026 Performance set out on pages 29 to 33.

Gross margin

The Group's underlying gross margin expanded by 180 basis points to 23.2% (FY2025: 21.4%), reflecting the increased weighting of high-value Data Centre products in the revenue mix, alongside continued benefits from vertical integration and operational efficiency initiatives.

Contracts with our customers contain copper inflation pass-through provisions which enable us to recover higher copper input costs. Other costs subject to inflation, such as labour, have been offset through productivity actions, efficiency savings and customer pass-through. While most raw material purchases are denominated in US dollars, other costs, such as labour, are paid in local currencies. Variability in certain key currencies had a net-zero impact at a gross margin level.

Operating profit

Underlying operating profit increased 19.9% to $127.3 million (FY2025: $106.2 million), with the combination of revenue growth, favourable product mix and operational efficiency more than offsetting cost headwinds. The underlying operating expense ratio increased to 13.0% of revenue (FY2025: 11.7%), reflecting inflation, foreign exchange and investment in capacity and headcount to support growth, partly offset by the consolidation of three smaller sites into larger Centres of Excellence during the year. Statutory operating profit increased by 46.0% to $121.0 million (FY2025: $82.9 million). Beyond the underlying profit growth, the year-on-year increase reflects lower adjusting items, principally the release of contingent consideration related to the acquisition of Murat Ticaret, partly offset by amortisation of acquired intangibles, goodwill impairment, site closure costs and share-based payments.

The Group’s underlying operating margin increased to 10.2% (FY2025: 9.8%). Despite continuing headwinds from labour inflation, operating margins have been improved through organic growth, favourable product mix, and cost optimisation.

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. During FY2026, the Group closed two sites in Türkiye and one site in Mexico. The sites formed part of the Murat Ticaret business and were shut after successfully transferring the business to other larger Volex sites. During the year the decision was taken to close Servatron, a specialist PCBa facility in Washington State. The site closures resulted in one-off closure costs of $2.8 million (FY2025: $4.0 million). Acquisition costs of $1.1 million (FY2025: $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.

Amortisation of acquired intangibles decreased to $9.6 million (FY2025: $10.2 million). The charge recognised through the income statement for share-based payment awards comprises $6.2 million (FY2025: $4.7 million) in respect of compensation to senior management and $0.8 million (FY2025: $0.3 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 for an acquisition. 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.

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Net finance costs

Net finance costs decreased to $20.6 million (FY2025: $22.8 million) mainly due to the prior year write-off of debt issue costs. The financing element for leases for the year was $2.8 million (FY2025: $4.0 million). The amortisation of debt issue costs of $0.8 million (FY2025: $2.1 million) were lower due to the prior year including a non-recurring write-off following an extension to the previous facility.

Taxation

The Group's income tax expense for the year was $26.1 million (FY2025: $15.3 million), representing an effective tax rate (‘ETR’) of 27.9% (FY2025: 23.8%). The increase reflects a December 2025 change in Turkish tax law which removed the application of inflation adjustments for tax purposes for 2025, 2026 and 2027, exposing the Group to adverse tax effects from devaluation of Turkish lira, in which income tax liabilities are calculated, against the Euro functional currency of our Turkish operations. The tax expense includes $1.4 million from reversing inflation adjustments accrued under the prior Turkish tax regime, and $2.8 million of dividend withholding tax relating to repatriations to reduce exposure from lira devaluation. These amounts have been treated as adjusting items as they are one-off in nature and do not relate to the profits of the current year.

The underlying effective tax rate (representing the income tax expense on profit before tax, adjusting items and share-based payments) was 23.6% (FY2025: 22.1%). FY2025 benefited from favourable inflation adjustments in Türkiye outweighing the adverse effects of lira devaluation; this benefit did not recur in FY2026 following the law change. The adverse effect was partially

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offset by a provision release following the resolution of an uncertain transfer pricing tax position during the year.

The rate of currency devaluation in Türkiye is expected to remain a headwind for the Group's effective tax rate in FY2027 and future years. The Group operates in multiple tax jurisdictions and is subject to periodic tax audits in the normal course of business. Further detail on uncertain tax positions is given in note 10.

Cash tax paid during the period was $24.9 million (FY2025: $15.8 million), reflecting higher underlying profit and the full utilisation of tax losses in a major jurisdiction during the year.

Foreign exchange

The majority of the Group's revenue is in US dollars, with sales in other currencies including euro 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. In addition, foreign exchange losses from retranslation of balance sheet items and the timing between recognition and settlement of certain financial assets for the year were $1.5 million (FY2025: $1.0 million).

Cash flow

Operating cash flow before movements in working capital was $167.7 million (FY2025: $129.4 million). While benefiting from the strong operating performance, operating cash flow reflects the increased investment in the business. There was a working capital outflow of $55.2 million, which compares to an $18.1 million outflow in FY2025. The reasons for the working capital movement are set out below:

- An investment in inventory to support accelerated customer demand in the Data Centre market which has a longer cash cycle due to typically operating through a hub model. This resulted in a cash outflow of $67.9 million (FY2025: $24.2 million cash outflow)
- An increase in receivables leading to a cash outflow of $38.9 million (FY2025: $19.8 million) reflecting the growth in revenue achieved in the year
- An inflow relating to payables of $51.6 million (FY2025: $25.9 million) as a result of the increased inventory required to support our customers

Net capital expenditure decreased to $34.7 million (FY2025: $45.3 million). During the period, Volex invested in expanding its global manufacturing footprint, with a site expansion in Mexico completing in the second half of the year, automation capabilities, research and development, and operational scaling.

Free cash flow represents net cash flow before financing activities excluding the net outflow from the acquisition of subsidiaries and associates and the interest element of lease payments and was $38.8 million (FY2025: $36.8 million).

Net financing outflows were $21.6 million (FY2025: $15.0 million). Outflows include the exercise of an option to purchase previously leased properties in Türkiye, repayment of borrowings, and dividend payments of $8.5 million (FY2025: $9.7 million).

Total cash expenditure on acquisitions (net of cash acquired) was $nil (FY2025: $10.9 million).

The cash outflow associated with the purchase of shares to settle awards under share-based payment arrangements and the tax costs of the awards were $0.7 million (FY2025: $11.0 million). There were no cash inflows from new shares issued in the year (FY2025: nil).

Capital allocation

The Group's approach to capital allocation is unchanged: invest in organic capability where it supports customer-led growth at attractive returns, pursue capability-led acquisitions that meet our financial criteria, maintain a progressive dividend policy, and preserve balance sheet flexibility. During FY2026, capital deployment was weighted towards organic investment, with $34.7 million of capex, including the Centres of Excellence consolidation and the Mexico expansion. The final dividend of 3.2 pence per share continues the progressive policy.

Net debt and leverage

As at 31 March 2026, the Group's net debt (before operating lease liabilities) was $121.5 million and $152.3 million including operating lease liabilities. At 30 March 2025, net debt (before operating lease liabilities) was $127.4 million and $174.8 million including operating lease liabilities.

At 31 March 2026, the Group's covenant leverage was 0.8 times (30 March 2025: 1.0 times). For further details on the Group's covenants, see the section on 'Banking facilities and covenants'.

Dividend

The Board's dividend policy, while factoring in earnings cover, also takes into account other factors such as the expected underlying growth of the business, capital expenditure 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 3.2 pence per share (FY2025: 3.0 pence) will be recommended to shareholders at the Annual General Meeting on 25 August 2026, reflecting the Board's confidence and the Group's robust financial position. The cash cost of this dividend is expected to be approximately, $7.8 million.

Together with an interim dividend of 1.6 pence per share paid in December 2025, this equates to a full-year dividend of 4.8 pence per share (FY2025: 4.5 pence per share), an increase of 6.7%. If approved, the final dividend will be paid on 18 September 2026 to all shareholders on the register at 14 August 2026. The ex-dividend date will be 13 August 2026.

Banking facilities and covenants

Throughout the year, the Group had a $600 million multicurrency revolving credit facility with an eight-bank club. The facility had an initial four-year term, and during the year an option to extend the term for one additional year was exercised and the facility is now due to mature in June 2029. It comprises a $400 million revolving credit facility and an additional $200 million uncommitted accordion. Subsequent to the year end, the facility limit was increased to $500 million as $100 million of the uncommitted accordion was approved.

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As at 31 March 2026, drawings under the facility were $181.1 million (FY2025: $162.8 million).

At the year end, the covenant leverage was 0.8 times and covenant interest cover was 10.4 times, well within the covenant terms of less than 3.0 times and greater than 3.0 times respectively.

Financial instruments and cash flow hedge accounting

In September 2022, an interest rate swap was entered into following market evaluation, which has enabled the Group to fix the interest rate paid on a notional value of $50 million for a four-year period. 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 most 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 (which has been identified by the Group as a key risk).

Post balance sheet events

On 1 April 2026, the Group utilised $100 million of its uncommitted accordion option, increasing the multicurrency revolving credit facility from $400 million to $500 million. The facility maturity date remains June 2029 and the remaining uncommitted accordion is $100 million.

On 7 April 2026, the Company announced the launch of an on-market share buyback programme to purchase up to £40 million of its ordinary shares of 25 pence each, with all shares repurchased to be cancelled. The programme will end no later than 31 March 2027.

Defined benefit pension schemes

The Group's net pension deficit under IAS 19 as at 31 March 2026 was $9.4 million (FY2025: $7.9 million deficit).

Jon Boaden
Chief Financial Officer

24 June 2026