12 November 2020

VOLEX plc

Half year results for the 26 weeks ended 4 October 2020

Robust H1 performance - resilient business model responding well to Covid-19

Volex plc ("Volex"), a global provider of integrated manufacturing services and power products, today announces its half year results for the 26 weeks ended 4 October 2020 ("H1 FY2021").

Financial Summary	26 weeks to 4 October 2020	26 weeks to 29 September 2019	% Change
Revenue	**$202.5m**	**$195.7m**	3.5
Underlying* operating profit	**$20.8m**	**$15.9m**	30.8
Statutory operating profit	**$14.3m**	**$10.4m**	37.5
Underlying* profit before tax	**$20.9m**	**$15.3m**	36.6
Statutory profit before tax	**$14.4m**	**$9.7m**	48.5
Basic earnings per share	**10.2c**	**5.3c**	92.5
Underlying diluted earnings per share	**12.9c**	**8.5c**	51.8
Interim dividend per share	**1.1p**	**1.0p**	10.0
Net funds (before IFRS 16 Leases liability)**	**$32.0m**	**$7.9m**	305.1

* Before adjusting items (non-recurring items and amortisation of acquired intangibles) and share-based payments

** Net funds are presented before the lease liability of $11.7m (29 September 2019: $7.3m).

Financial and Corporate Highlights

- Operational agility and our unique geographic footprint, coupled with the decision to diversify our capabilities and customer base, has allowed Volex to navigate an exceptionally difficult period in the wider global economy caused by the Covid-19 pandemic
- Underlying gross margins have continued to improve significantly from 23.1% in H1 FY2020 to 25.1% in H1 FY2021, driven by a disciplined approach to capital allocation and cost control across both divisions
- Underlying operating profit has increased by 30.8% to a record $20.8 million resulting in our underlying operating margin improving from 8.1% to 10.3%
- Interim dividend increased by 10% to 1.1 pence per share reflecting our confidence in the ongoing prospects of the business
- Post period end, we have today announced that we have signed an agreement to acquire De-Ka Elektroteknik Sanayi ve Ticaret Anonim Sirketi ("DEKA"), a leading European power cord manufacturer headquartered in Turkey, accelerating our strategy of creating the most efficient and lowest-cost global producer in the industry
- We have also signed a new, three-year $100 million multi-currency revolving credit facility to replace our current $30 million credit facility, increasing our capacity for investment in future growth. The facility consists of a $70 million committed facility with a $30m accordion feature and is effective from 12 November 2020
- Daren Morris has left the Board with immediate effect and will be leaving the business. Jon Boaden, who joined the business in April 2019 as Deputy Chief Financial Officer, has been promoted to the role of CFO. We have also announced that Sir Peter

Westmacott, a senior British Diplomat, has agreed to join the Board as an Independent Non-Executive Director and member of the Company's Nominations Committee.

Operational and Divisional Highlights

- Power Products – sales of products for use in electric vehicles grew by 78% year-on-year and overall profitability continues to improve due to our focus on automation and vertical integration
- Integrated Manufacturing Services – we have improved profitability levels as a result of our focus on higher value-added products despite very challenging conditions in the medical installation business as a result of Covid-19
- Upgrade of capacity and facilities – during the period we have relocated our Suzhou plant to a new state-of-the-art facility and we have also commenced work on our new cable extrusion plant in Batam which we expect to be operational by the summer of 2021

Outlook

- Having delivered a robust performance in the first half of the year, coupled with a strong forward order-book, the Board remains confident in delivering on full-year expectations, absent any material disruptions to our business that may be caused by Covid-19
- We continue to monitor the dynamic and evolving situation in relation to the Covid-19 pandemic closely and are mindful of the impact that future government-imposed restrictions designed to control the spread of the virus could have on our business in various geographies
- The longer-term prospects for our business remain strong and we continue to invest in increasing capacity in our key facilities to meet customer demand and to implement vertical integration to improve our competitiveness and profitability

Nat Rothschild, Volex's Executive Chairman said:

"Our response to the unprecedented challenges of Covid-19 is a fitting testament to Volex's forward planning, resilience and agility. In a period of profound global disruption, we have prioritised keeping our people safe and protecting our operations while growing our operating profit, improving our margins and continuing to progress well with our strategic objectives.

This relentless focus on operational and process improvements gives us sufficient confidence to increase our interim dividend by 10%.

Today we have also announced our acquisition of DEKA, a world-class Power Products business. As one of the two leading power cord producers in Europe, with a strong management team and a world-class customer list, DEKA is a perfect fit with our business model, and the acquisition accelerates our strategy of creating the most efficient and lowest-cost global producer in the industry, providing an immediate and scalable European platform.

Our outlook for the remainder of the year remains unchanged, absent any material disruptions that may be caused by Covid-19, and we continue to invest across the business in order to meet customer demand and deliver on our long-term growth prospects."

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About Volex plc

Volex plc (AIM:VLX) is a leading integrated manufacturing specialist. The Group designs and manufactures products that ensure a critical connection never fails and are used in everything from defibrillators and ventilators through to data networking equipment and vehicle telematics. Headquartered in the United Kingdom, Volex serves the needs of its blue-chip customer base from its manufacturing sites located across nine countries and three continents, employing over 6,000 people. Volex's products are sold through its own global sales force and through distributors to Original Equipment Manufacturers ('OEMs') and Electronic Manufacturing Services companies. For more information please visit www.volex.com

RESULTS FOR THE 26 WEEKS ENDED 4 OCTOBER 2020

Group overview

Volex occupies a unique niche through our capability in integrated manufacturing services. Having 14 factories located in key manufacturing hubs and a size and scale that only a very small number of competitors can match, Volex is set to benefit from an accelerating trend towards supply chain consolidation.

In a world becoming more global and interconnected, our customers demand larger global suppliers to support them as they consolidate their fragmented supplier bases. We have seen this trend particularly in the medical technology sector and on the Power side of Volex's business. Customers demand scale, reputation, quality and a global presence, all of which Volex can provide.

The Covid-19 pandemic and the implementation of import tariffs by the US government have shown how important it is to be able to offer multiple manufacturing locations to our customers and our diversification has proven to be a key strength over the past six months.

Our ability to identify acquisitions in a highly fragmented market is also a key part of our success. These acquisitions enable us to acquire competencies such as the capability to manufacture complete sub-systems, electro-mechanical as well as electronic sub-assemblies, and advanced niche PCB assembly products, in order to become more valuable to our customers.

The ongoing benefits of moving up the value chain and deepening integration with our customers is a key element of our strategy, and as a result of our strong balance sheet and the prioritisation of free cash flow over revenue, we retain a high degree of strategic flexibility, allowing us to continue to look for value-enhancing acquisitions while remaining committed to a progressive dividend policy.

Today we announced the acquisition of DEKA, a world-class Power Products manufacturer. This positions us as a global market leader in the Power Products industry. Combining DEKA's strong position in Europe with our significant scale in North America and Asia will unlock customer opportunities and allow us to identify substantial supply chain synergies.

As announced today, Daren Morris, who initially joined the business in June 2014 as a Non-Executive Director before becoming Chief Financial Officer in September 2014, has left the Board with immediate effect and will be leaving the business. Jon Boaden, who joined the business in April 2019 as Deputy Chief Financial Officer, has been promoted to the role of CFO having played a key role in the significant growth and development of the Group's business since joining over 18 months ago. Separately Sir Peter Westmacott, a senior British diplomat, has agreed to join the Board as an Independent Non-Executive Director and member of the Company's Nominations Committee. His substantial record, acknowledged by successive Prime Ministers, of policy and business delivery, will be a key asset to Volex.

We are also pleased to have signed a new $70 million multi-currency revolving credit facility with a $30 million accordion feature to replace our current $30 million credit facility. The new facility has a three-year term with the option of a one-year extension. It is provided by three relationship banks and was oversubscribed.

Finally, we will also pay an interim dividend of 1.1 pence per share on 15 December 2020 to those shareholders on the register as at 20 November 2020. We are delivering strong and consistent cash flows and this supports our intention to maintain a sustainable and progressive dividend policy as we move forward.

Covid-19

The challenges posed by Covid-19 first became apparent when we re-opened our Chinese facilities following an extended lunar new year closure in February 2020. We put in place precautionary best practice measures to protect our employees in these sites, and as we realised that the pandemic was spreading rapidly across the globe, we rapidly rolled out these 'best practices' across all our locations. Our factory teams globally have performed exceptionally by implementing and maintaining these measures, all of which remain in place.

However, no prevention activity can guarantee that we will not see any disruption at our key locations and, while we believe that we are taking appropriate steps to mitigate the risk posed by Covid-19, we continue to monitor infection rates among our workforce and the subsequent impact on our operational activities closely.

More broadly, we also remain acutely aware of the impact that future government-imposed restrictions designed to control the spread of the virus could have on our business, our customers and our partners in various geographies.

Trading performance overview

The half year to 4 October 2020 has seen the Group continue to grow and deliver improved margins.

$'000	**26 weeks ended 4 October 2020 Total**	26 weeks ended 29 September 2019 Total
Revenue	**202,465**	195,706
Cost of Sales	**(151,706)**	(150,429)
Underlying gross profit*	**50,759**	45,277
Underlying gross margin	***25.1%***	*23.1%*
Operating costs	**(29,951)**	(29,331)
Underlying operating profit*	**20,808**	15,946
Underlying operating margin	***10.3%***	*8.1%*

* Before adjusting items and share-based payment charges

Revenue for the first half of the year is up by 3.5% on the comparable period in FY2020. We have seen some variations in customer demand due to the pandemic.

In our Integrated Manufacturing Services ("IMS") division, demand for data centre products has been strong with an increase in sales of nearly 50% over the prior period. Sales into medical end-markets have shown variability depending on the application. Our largest customer in this segment has seen increased demand, but a number of smaller customers in the imaging and oncology-related markets have seen significant delays in orders and installations due to difficulty in accessing hospitals stemming from restrictions in relation to the Covid-19 pandemic.

Demand for our high-speed data centre products has been excellent, with sales up by 57%. This reflects strong underlying demand drivers as the move to remote working has increased global reliance on cloud computing. In addition, data centre customers have looked to reduce their supply chain exposure by building inventory. The pandemic disrupted sales to a number of our medical and industrial technology customers during the period, but we are starting to see an improvement in demand from these customers. Overall, the strength in the data centre product sales has helped to offset weakness in medical and industrial, and margins have improved.

Demand for Power Products ("Power") started slowly as a number of our customers responded to the challenges of operating under pandemic conditions. Sales volumes improved during the period with all our Power sites at high levels of utilisation at the end of the first half, and a strong performance from the sale of our new products for the electric vehicles market.

Profitability in H1 FY2021 has shown a significant improvement in comparison to H1 FY2020. Margins in both divisions have increased as a result of a change in mix towards higher-margin products and customers.

Margins have also improved due to lower input costs. This has come from a combination of lower copper prices, beneficial foreign exchange rates and price reductions negotiated with suppliers. The favourable position on copper and foreign exchange rates may not continue in the second half as we see a weakening of the US dollar and an increase in the price of copper and other commodities. Travel costs were significantly lower than usual in the first half of the year and we expect this to continue for the remainder of the year.

Integrated Manufacturing Services

$'000	**26 weeks ended 4 October 2020**	26 weeks ended 29 September 2019	53 weeks ended 5 April 2020
Revenue	**114,723**	104,613	220,346
Underlying gross profit	**30,852**	26,917	54,801
Underlying gross margin	***26.9%***	*25.7%*	*24.9%*
Operating costs	**(15,627)**	(15,196)	(31,460)
Underlying operating profit	**15,225**	11,721	23,431
Underlying operating margin	***13.3%***	*11.2%*	*10.6%*

Customers trust Volex to deliver connectivity solutions in a variety of performance-critical applications including medical devices, data centres and advanced industrial technology. With a customer-centric approach and experienced production engineers who ensure we maintain rigorous quality standards, Volex is a manufacturing partner for some of the biggest names in technology.

Revenue for H1 FY2021 was $114.7 million, up 9.7% on the prior period. This includes six months of revenue from Servatron, a business we acquired in July 2019, rather than the two months of Servatron revenue in the comparative period.

We are very proud of our capabilities in the medical devices supply chain. We were involved in a number of projects to accelerate the manufacture and delivery of devices specifically intended to support patients being treated for the effects of Covid-19. At the same time, demand for the critical data connectivity products we manufacture for large diagnostic imaging and radiological and surgical treatment devices was materially lower. This reflects the fact that many hospitals have postponed scheduled installations and maintenance while the facilities focus on dealing with the pandemic and have suspended non-critical procedures. We believe that the underlying demand for installations, maintenance and upgrades remains, but the timing of a recovery will be dependent on our customers being able to return to having normalised access to medical facilities.

There has been an improvement to both underlying gross margin and underlying operating margin. This has been achieved through an improvement in product mix and savings in production costs. The strength of the US dollar, which is the primary sales currency, versus many emerging market currencies where we operate has also helped margins during the period.

We continue to focus on quality which delivers benefits to our bottom line. Much of the improvement is delivered through re-engineering our processes as well as investing in equipment to deliver exceptional consistency and high throughput.

Power Products

$'000	**26 weeks ended 4 October 2020**	26 weeks ended 29 September 2019	53 weeks ended 5 April 2020
Revenue	**87,742**	91,093	171,008
Underlying gross profit	**19,907**	18,360	35,860
Underlying gross margin	***22.7%***	*20.2%*	*21.0%*
Operating costs	**(11,436)**	(11,213)	(21,807)
Underlying operating profit	**8,471**	7,147	14,053
Underlying operating margin	***9.7%***	*7.8%*	*8.2%*

Volex designs and manufactures power cords and related products that are sold to the manufacturers of a broad range of electrical and electronic devices and appliances. Volex products are used in home entertainment and home computing devices, domestic and personal healthcare appliances, power tools and electric vehicles. Many of our customers are global household names operating in premium segments of the consumer market.

Revenues in the first half were marginally lower in comparison to the same period in the previous year. Although all Volex Power Products sites were open and fully operational during the period, in the first quarter some customers experienced disruption to production which reduced demand for both consumer electronics and electric vehicle products.

Our high-quality and well-engineered products have been well received by customers for electric vehicle applications. Revenue from our automotive customers is up 78% year-on-year and this segment now represents over 15% of our sales for Power Products in the first half of the year. We believe that there is significant further opportunity for growth in this area.

As many countries saw a shift to homeworking, we saw strong sales into the consumer electronics segment once our customers resumed normal operations in late April and May. This trend continued throughout the period. With demand strong in this area, we maximised our production to support our customers. This resulted in high levels of utilisation across all Power Products sites in the second quarter of FY2021.

Underlying gross margins have improved from 20.2% to 22.7%. Last year we acquired Ta Hsing, a cable extrusion business. We have made excellent progress integrating this capability into our Power Products division, reducing input costs and improving margins. We also continue to roll out targeted automation. This is focused on the areas where it gives us the best return and is compatible with our requirements to maintain a flexible manufacturing approach. Most sales are in US dollars, but a proportion of the cost base is in the local currency relevant to the production location. The strength of the dollar has helped improve margins, as have lower costs for certain raw materials.

Group adjusting items and share-based payments

Adjusting items and share-based payments totalled $6.5 million in the period (H1 FY2020: $5.6 million). These costs are made up of $2.3 million (H1 FY2020: $2.8 million) of amortisation of acquisition-related intangible assets, $4.0 million (H1 FY2020: $2.6 million) of share-based payments expense and $0.2 million (H1 FY2020: $0.2 million) of acquisition costs related to the acquisition of DEKA. Share-based payments include awards made to incentivise senior management as well as awards granted to the management teams within acquired companies.

Group taxation

The Group incurred a tax credit of $1.1 million (H1 FY2020: tax charge of $2.0 million), representing an effective tax rate of -7.4% (H1 FY2020: 20.1%). The underlying tax charge of $nil (H1 FY2020: $2.4 million) represents an ETR of 0.2% (H1 FY2020: 15.7%).

An underlying deferred tax credit of $2.9 million (H1 FY2020: charge of $1.2 million) arose due to an increase in the deferred tax asset recognised on trading losses and short-term timing differences due to the utilisation based on future forecast taxable profits in certain regions. As at the reporting date the Group has recognised deferred tax assets of $12.2 million (H1 FY2020: $ 3.4 million, FY2020: $9.0m). Of this deferred tax asset $6.5 million (H1 FY2020: $2.4 million, FY2020: $4.5 million) is in relation to tax losses and $5.7 million (H1 FY2020: $1.0 million, FY2020: $4.5 million) in relation to short term timing differences.

Group net debt and cash flows

We are pleased to have signed a new $100 million multi-currency revolving credit facility to replace our current $30 million credit facility. The new facility has a three-year term with the option of a one-year extension. The facility consists of a $70m committed facility with a $30m accordion feature and is effective from 12 November 2020. It is provided by three relationship banks and was oversubscribed.

The new facility has a more relaxed net debt to EBITDA covenant as compared to the existing credit facility which will give the Group more flexibility to undertake future acquisitions. This facility provides additional headroom and further scope to make value-accretive investments to grow our business.

Our business is cash generative with excellent cash conversion. Coming into the period, levels of inventory were lower than usual as a result of the pandemic. During the first half of the year, inventory has increased, replenishing finished goods in our customer hub locations. This has offset an element of the cash generated by our underlying business operations.

Net funds (before lease liabilities) was unchanged from the year end standing at $32.0 million ($32.1 million at 5 April 2020). The Group generated a free cash flow after capital expenditure and tax, but before the cost of acquisitions, of $8.0 million. This included a cash operating inflow of $23.5 million and an adverse working capital movement of $11.0 million, as well as capital expenditure of $2.6 million and tax paid of $1.8 million. The adverse working capital movement is due to very low inventory levels at the end of FY2020 when customers had consumed Power Products stock while the production sites were closed for an extended Lunar New Year holiday due to the pandemic. In the first half of FY2021 inventory levels have returned to normal, causing an adverse working capital movement. Accounts receivable and accounts payable also increased as invoicing and supply chain activity returned to normal levels following the sites closures. The Group had lease liabilities of $11.7 million. This produces a statutory net funds position of $20.3 million.

Risks and uncertainties

Risks to Volex are anticipated and regularly assessed and internal controls are enhanced where necessary to ensure that such risks are appropriately mitigated. There are a number of potential risks that could have a material impact on the Group's financial performance. The principal risks and uncertainties include competitive threats, legal and regulatory issues, dependency on key suppliers or customers, movements in commodity prices or exchange rates, and quality issues.

These risks and the relevant risk-mitigation activities are set out in the FY2020 Annual Report and Accounts on pages 30 to 34, a copy of which is available on the website at www.volex.com.

Outlook

We remain closely focused on ensuring our employees' welfare and are planning for a range of possible outcomes in relation to the ongoing Covid-19 pandemic.

Having delivered a robust performance in the first half of the year, coupled with a strong forward order-book, the Board remains confident in delivering on full-year expectations, absent any material disruptions to our business that may be caused by Covid-19.

The longer-term prospects for our business remain strong and we continue to invest in increasing capacity in our key facilities to meet customer demand and to implement vertical integration to improve our competitiveness and profitability.

Nat Rothschild
Group Executive Chairman
12 November 2020

Jon Boaden
Group Chief Financial Officer
12 November 2020

Unaudited consolidated income statement

For the 26 weeks ended 4 October 2020 (26 weeks ended 29 September 2019)

	Notes	**26 weeks ended 4 October 2020** Before Adjusting items $'000	Adjusting items and share-based payments $'000	Total $'000	26 weeks ended 29 September 2019 Before Adjusting items $'000	Adjusting items and share-based payments $'000	Total $'000
Revenue	2	**202,465**	**-**	**202,465**	195,706	-	195,706
Cost of sales		**(151,706)**	**-**	**(151,706)**	(150,429)	-	(150,429)
Gross profit		**50,759**	**-**	**50,759**	45,277	-	45,277
Operating expenses		**(29,951)**	**(6,502)**	**(36,453)**	(29,331)	(5,559)	(34,890)
Operating profit	2	**20,808**	**(6,502)**	**14,306**	15,946	(5,559)	10,387
Share of net profit from associates		**637**	**-**	**637**	-	-	-
Finance income		**155**	**-**	**155**	93	-	93
Finance costs		**(720)**	**-**	**(720)**	(776)	-	(776)
Profit on ordinary activities before taxation		**20,880**	**(6,502)**	**14,378**	15,263	(5,559)	9,704
Taxation	4	**(37)**	**1,096**	**1,059**	(2,401)	451	(1,950)
Profit for the period attributable to the owners of the parent		**20,843**	**(5,406)**	**15,437**	12,862	(5,108)	7,754
Earnings per share (cents)							
Basic	5	**13.7**		**10.2**	8.8		5.3
Diluted	5	**12.9**		**9.5**	8.5		5.1

	Notes	53 weeks ended 5 April 2020 Before Adjusting items $'000	Adjusting Items and share-based payments $'000	Total $'000
Revenue	2	391,354	-	391,354
Cost of sales		(300,693)	-	(300,693)
Gross profit		90,661	-	90,661
Operating expenses		(59,031)	(14,545)	(73,576)
Operating profit	2	31,630	(14,545)	17,085
Share of net loss from associates		-	-	-
Finance income		328	-	328
Finance costs		(1,552)	-	(1,552)
Profit on ordinary activities before taxation		30,406	(14,545)	15,861
Taxation	4	(3,504)	2,339	(1,165)
Profit/(loss) for the period attributable to the owners of the parent		26,902	(12,206)	14,696
Earnings per share (cents)				
Basic	5	18.2		9.9
Diluted	5	17.3		9.5

Unaudited consolidated statement of comprehensive income

For the 26 weeks ended 4 October 2020 (26 weeks ended 29 September 2019)

	26 weeks to 5 October 2020 $'000	26 weeks to 29 September 2019 $'000	(Audited) 53 weeks to 5 April 2020 $'000
Profit for the period	**15,437**	7,754	14,696
Items that will not be reclassified subsequently to profit or loss:			
Actuarial loss on defined benefit pension schemes	**(148)**	(488)	(1,343)
Tax relating to items that will not be reclassified	**359**	-	-
	211	(488)	(1,343)
Items that may be reclassified subsequently to profit or loss:			
Gain/(loss) arising on cash flow hedges during the period	**2,067**	(771)	(2,266)
Exchange gain/(loss) on translation of foreign operations	**2,705**	(1,558)	151
Tax relating to items that may be reclassified	**(65)**	-	-
	4,707	(2,329)	(2,115)
Other comprehensive income/(loss) for the period	**4,918**	(2,817)	(3,458)
Total comprehensive income for the period	**20,355**	4,937	11,238

Unaudited consolidated statement of financial position

As at 4 October 2020 (29 September 2019)	Note	**4 October 2020 $'000**	29 September 2019 $'000	(Audited) 5 April 2020 $'000
Non-current assets				
Goodwill		**26,767**	25,751	25,760
Other intangible assets		**13,842**	18,498	15,537
Property, plant and equipment		**22,577**	22,152	21,565
Right of use assets		**9,381**	5,709	8,345
Investments in associates		**637**	-	-
Other receivables		**4,590**	2,829	4,488
Deferred tax asset		**12,158**	3,353	8,955
		89,952	78,292	84,650
Current assets				
Inventories		**66,878**	54,394	57,995
Trade receivables		**70,655**	76,587	56,382
Other receivables		**9,158**	7,162	7,987
Current tax assets		**1,908**	1,772	2,154
Derivative financial instruments		**379**	-	-
Cash and bank balances	8	**34,229**	17,880	32,305
		183,207	157,795	156,823
Total assets		**273,159**	236,087	241,473
Current liabilities				
Borrowings	8	**2,198**	9,922	225
Trade payables		**47,914**	39,815	39,653
Other payables		**42,211**	35,958	38,453
Current tax liabilities		**9,193**	4,299	8,384
Retirement benefit obligation		**1,038**	989	982
Lease liabilities		**3,648**	3,568	3,498
Provisions		**929**	661	834
Derivatives financial instruments		**170**	393	1,819
		107,301	95,605	93,848
Net current assets		**75,906**	62,190	62,975
Non-current liabilities				
Borrowings		**-**	38	-
Other payables		**1,435**	1,557	570
Non-current tax liabilities		**-**	1,134	-
Deferred tax liabilities		**3,032**	6,529	6,130
Retirement benefit obligation		**2,323**	1,378	2,492
Lease liabilities		**8,040**	3,715	7,385
Provisions		**293**	263	516
		15,123	14,614	17,093
Total liabilities		**122,424**	110,219	110,941
Net assets		**150,735**	125,868	130,532
Equity attributable to owners of the parent				
Share capital	6	**60,322**	59,566	60,189
Share premium account		**46,414**	46,414	46,414
Non-distributable reserve		**2,455**	2,455	2,455
Hedging and translation reserve		**(4,799)**	(9,720)	(9,506)
Own shares	7	**(590)**	(1,509)	(1,024)
Retained earnings		**46,933**	28,662	32,004
Total equity		**150,735**	125,868	130,532

Unaudited Consolidated Statement of Changes in Equity

For the 26 weeks ended 4 October 2020 (26 weeks ended 29 September 2019)

	Share capital $'000	Share premium account $'000	Non-distributable reserves $'000	Hedging and translation reserve $'000	Own shares $'000	Retained earnings/ (losses) $'000	Total equity $'000
Balance 31 March 2019	**58,792**	**44,532**	**2,455**	**(7,391)**	**(1,890)**	**19,150**	**115,648**
Profit for the period attributable to the owners of the parent	-	-	-	-	-	7,754	7,754
Other comprehensive income/ (loss) for the period	-	-	-	(2,329)	-	(488)	(2,817)
Total comprehensive income/ (loss) for the period	-	-	-	(2,329)	-	7,266	4,937
Shares issued	692	1,882	-	-	-	-	2,574
Exercise of deferred bonus shares	82	-	-	-	-	(82)	-
Own shares sold/(utilised) in the period	-	-	-	-	381	(139)	242
Reserve entry for share option charges/(credit)	-	-	-	-	-	2,467	2,467
Balance at 29 September 2019	**59,566**	**46,414**	**2,455**	**(9,720)**	**(1,509)**	**28,662**	**125,868**
Balance 5 April 2020	**60,189**	**46,414**	**2,455**	**(9,506)**	**(1,024)**	**32,004**	**130,532**
Profit for the period attributable to the owners of the parent	-	-	-	-	-	15,437	15,437
Other comprehensive income/ (loss) for the period	-	-	-	4,707	-	211	4,918
Total comprehensive income/ (loss) for the period	-	-	-	4,707	-	15,648	20,355
Exercise of deferred bonus shares	133	-	-	-	-	(133)	-
Own shares sold/(utilised) in the period	-	-	-	-	434	(1,912)	(1,478)
Dividend	-	-	-	-	-	(3,791)	(3,791)
Reserve entry for share option charges/(credit)	-	-	-	-	-	2,911	2,911
Tax effect of share options	-	-	-	-	-	2,206	2,206
Balance at 4 October 2020	**60,322**	**46,414**	**2,455**	**(4,799)**	**(590)**	**46,933**	**150,735**

Unaudited consolidated statement of cash flows

For the 26 weeks ended 4 October 2020 (26 weeks ended 29 September 2019)

	Notes	**26 weeks to 4 October 2020 $'000**	*RESTATED 26 weeks to 29 September 2019 $'000	(Audited) 53 weeks to 5 April 2020 $'000
Profit for the period		**15,437**	7,754	14,696
Adjustments for:				
Finance income		**(155)**	(92)	(328)
Finance costs		**720**	775	1,552
Income tax (income)/expense		**(1,059)**	1,950	1,165
Share of net profit from associates		**(637)**	-	-
Depreciation of property, plant and equipment		**1,863**	1,836	3,643
Depreciation of right-of-use asset		**1,540**	-	2,714
Impairment of right-of-use asset		**-**	-	65
Effects of foreign exchange rate changes		**-**	7	5
Amortisation of intangible assets		**2,311**	2,811	5,749
Loss on disposal of property, plant and equipment		**47**	521	838
Share option charge		**4,048**	2,629	8,737
(Decrease)/increase in provisions		**(643)**	(741)	(1,090)
Operating cash flow before movements in working capital		**23,472**	17,450	37,746
Decrease/(increase) in inventories		**(7,506)**	1,153	(2,943)
Decrease/(increase) in receivables		**(13,720)**	4,534	20,499
(Decrease)/increase in payables		**10,178**	(6,974)	2,041
Movement in working capital		**(11,048)**	(1,287)	19,597
Cash generated by operations		**12,424**	16,163	57,343
Cash generated by operations before adjusting items		**12,614**	17,574	58,749
Cash utilised by adjusting items		**(190)**	(1,411)	(1,406)
Taxation paid		**(1,796)**	(2,330)	(5,135)
Interest paid		**(191)**	(483)	(473)
Net cash generated from operating activities		**10,437**	13,350	51,735
Cash flow from investing activities				
Interest received		**12**	7	22
Acquisition of businesses, net of cash acquired	9	**-**	(22,701)	(22,701)
Contingent consideration for businesses acquired		**(1,142)**	-	(2,850)
Proceeds on disposal of property, plant and equipment		**108**	177	564
Purchases of property, plant and equipment		**(2,518)**	(1,915)	(4,910)
Purchases of intangible assets		**(76)**	(7)	(40)
Proceeds from the repayment of preference shares		**25**	-	25
Net cash used in investing activities		**(3,591)**	(24,439)	(29,890)
Cash flow before financing activities		**6,846**	(11,089)	(21,845)
Cash (used)/generated before adjusting items		**7,036**	(9,678)	(23,251)
Cash utilised in respect of adjusting items		**(190)**	(1,411)	(1,406)

*Restatement: The net purchase of shares for share schemes was reclassified from investing to financing activities to reflect the nature of the transactions. This is consistent with the presentation in the FY2020 financial report.

Unaudited consolidated statement of cash flows (continued)
For the 26 weeks ended 4 October 2020 (26 weeks ended 29 September 2019)

	Notes	26 weeks to 4 October 2020 $'000	* RESTATED 26 weeks to 29 September 2019 $'000	(Audited) 53 weeks to 5 April 2020 $'000
Cash flow before financing activities		**6,846**	(11,089)	21,845
Cash flow from financing activities				
Dividend paid		**(3,791)**	-	(1,956)
Net purchase of shares for share schemes		**(1,552)**	394	(4,634)
New bank loan raised		-	7,000	7,000
Other loans		**2,584**	-	-
Repayment of borrowings		**(43)**	(7,097)	(7,056)
Refinancing costs paid		**-**	(592)	(659)
Interest element of lease payments		**(315)**	-	(553)
Payment of lease liabilities		**(1,948)**	(1,257)	(3,150)
Receipt from lease debtor		**267**	-	499
Net cash used in financing activities	8	**(4,798)**	(1,552)	(10,509)
Net increase/(decrease) in cash and cash equivalents		**2,048**	(12,641)	11,336
Cash and cash equivalents at beginning of period	8	**31,649**	20,593	20,593
Effect of foreign exchange rate changes		**532**	(550)	(280)
Cash and cash equivalents at end of period	8	**34,229**	7,402	31,649

*Restatement: The net purchase of shares for share schemes was reclassified from investing to financing activities to reflect the nature of the transactions. This is consistent with the presentation in the FY2020 financial report.

Notes to the Interim Statements

1. Basis of preparation

These interim financial statements have been prepared in accordance with IAS 34 'Interim Financial Reporting' as adopted by the European Union. The condensed consolidated interim financial information should be read in conjunction with the annual financial statements for the 53 weeks ended 5 April 2020, which were prepared in accordance with IFRSs as adopted by the European Union.

This condensed consolidated interim financial information does not comprise statutory accounts within the meaning of section 434 of the Companies Act 2006. The financial information presented for the 26 weeks ended 4 October 2020 ('H1 FY2021') and the 26 weeks ended 29 September 2019 ('H1 FY2020') has not been reviewed by the auditors. The financial information for the 53 weeks ended 5 April 2020 ('FY 2020') is extracted and abridged from the Group's full accounts for that year. The statutory accounts for FY2020 have been filed with the Registrar of Companies for England and Wales and have been reported on by the Group's auditors. The Report of the Auditors was not qualified and did not contain a statement under section 498 of the Companies Act 2006.

The Directors confirm that, to the best of their knowledge, the interim financial statements have been prepared in accordance with IAS 34 'Interim Financial Reporting' as adopted by the European Union and the AIM Rules for Companies, and that the interim report includes a fair review of the information required. The interim report was approved by the Board of Directors on 11 November 2020.

This interim report can be downloaded or viewed via the Group's website at www.volex.com. Copies of the annual report for the 53 weeks ended 5 April 2020 are available at the Company's registered office at Unit C1 Antura, Bond Close, Basingstoke, Hampshire, England, RG24 8PZ, and can also be downloaded or viewed via the Group's website.

Subsequent to the end of the period, the Group signed a new, three-year $100 million multi-currency revolving credit facility to replace our current $30 million credit facility. The facility has an available limit of $70 million (FY2020: $30 million). The facility consists of a $70m committed facility with a $30m accordion feature and is effective from 12 November 2020. As at 4 October 2020 the Group had net funds of $20.3 million.

The Group's forecast and projections, taking reasonable account of possible changes in trading performance and the cash outflow associated with the acquisition of DEKA, show that the Group should continue to operate with sufficient headroom under the revolving credit facility for the foreseeable future. The Directors believe that the Group is well placed to manage its business within the available facilities. Accordingly, they continue to adopt the going concern basis in preparing these condensed financial statements.

These condensed financial statements have also been prepared using accounting policies consistent with International Financial Reporting Standards as adopted for use in the European Union ('IFRS') and consistent with those disclosed in the annual report and accounts for the year ended 5 April 2020. The only new significant accounting policy relates to the accounting for Government Grants.

1. Basis of preparation (continued)

In line with IAS20 'Accounting for Government Grants', government grants are recognised when there is reasonable assurance that it will be received and that the Group will comply with the conditions attached to it. Government grants intended to compensate the Group for expenses incurred are deducted from the relevant costs in the income statement on a systematic basis in the same periods in which the expenses are incurred, unless the conditions for receiving the grant are met after the related expenses have been recognised. In this case, the grant is recognised when it becomes receivable. Government grants intended to compensate the Group for the acquisition of an asset are deducted from the acquisition cost of the related asset. This policy has been applied during the period to government incentives in respect of the Suzhou site relocation.

Impact of standards issued but not yet applied by the Group

There are no new standards, amendments to standards or interpretations that are expected to have a material impact on the Group's results.

2. Business and geographical segments

Business segments

The internal reporting provided to the Group's Board for the purpose of resource allocation and assessment of Group performance is based upon the nature of products which the Group supplies. As certain sites of the Group become capable of supplying both Power Products and IMS customers we continue to evaluate the best way of segmenting our financial performance. In addition to the operating divisions, a Central division exists to capture all of the corporate costs incurred in supporting the operations.

Division	Description
Power Products (formerly Power Cords)	The sale and manufacture of power cords, duck heads and related products that are sold to manufacturers of a broad range of electrical and electronic devices and appliances. Volex products are used in laptops, PCs, tablets, printers, TVs, games consoles, power tools, kitchen appliances and electric vehicles.
Integrated Manufacturing Services (formerly Complex Assemblies)	The sale and manufacture of higher-level assemblies and connectors (ranging from high-speed copper cables to complex multi-branch high reliability systems) that transfer electronic, radio-frequency and optical data. Volex products are used in a variety of applications including medical equipment, data-networking equipment, data centres, wireless base stations, mobile computing devices, factory automation and vehicle telematics.
Central	Central costs are those 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.

The following is an analysis of the Group's revenues and results by reportable segment.

	26 weeks to 4 October 2020		26 weeks to 29 September 2019	
	Revenue $'000	**Profit/(loss) $'000**	Revenue $'000	Profit/(loss) $'000
Power Products	**87,742**	**8,471**	91,093	7,147
Integrated Manufacturing Services	**114,723**	**15,225**	104,613	11,721
Unallocated central costs (excluding share-based payments)		**(2,888)**		(2,922)
Divisional results before share-based payments and adjusting items	**202,465**	**20,808**	195,706	15,946
Adjusting items		**(2,454)**		(2,931)
Share-based payments		**(4,048)**		(2,628)
Operating profit		**14,306**		10,387
Share of net profit from associates		**637**		-
Finance income		**155**		93
Finance costs		**(720)**		(776)
Profit before tax		**14,378**		9,704
Tax		**1,059**		(1,950)
Profit after tax		**15,437**		7,754

2. Business and geographical segments (continued)

	53 weeks to 5 April 2020	
	Revenue $'000	Profit/(loss) $'000
Power Products	171,008	14,053
Integrated Manufacturing Services	220,346	23,341
Unallocated central costs (excluding share-based payments)	–	(5,764)
Divisional results before share-based payments and Adjusting items	391,354	31,630
Adjusting items		(5,808)
Share-based payments		(8,737)
Operating profit		17,085
Share of net result from associates		-
Finance income		328
Finance costs		(1,552)
Profit before tax		15,861
Tax		(1,165)
Profit after tax		14,696

The accounting policies of the reportable segments are in accordance with the Group's accounting policies.

The adjusting items charge within operating profit for the period of $2,454,000 (H1 FY2020: $2,931,000, FY2020: $5,808,000) was split $190,000 (H1 FY2020: $nil, FY2020: $58,000) to Power Products, $2,264,000 (H1 FY2020: $2,769,000, FY2020: $5,750,000) to IMS and $nil (H1 FY2020: $162,000, FY2020: $nil) to Central.

Other segmental information

	External revenue			**Non-current assets** (excluding deferred tax assets)		
			(Audited)			(Audited)
	26 weeks to 4 October 2020 $'000	26 weeks to 29 September 2019 $'000	53 weeks to 5 April 2020 $'000	**26 weeks to 4 October 2020 $'000**	26 weeks to 29 September 2019 $'000	53 weeks to 5 April 2020 $'000
Geographical segments						
Asia	**72,704**	75,303	140,133	**22,869**	19,267	21,469
North America	**74,538**	68,231	145,081	**24,715**	15,963	25,826
Europe	**55,223**	52,172	106,140	**30,210**	39,709	28,400
	202,465	195,706	391,354	**77,794**	74,939	75,695

3. Adjusting items and share-based payments

	26 weeks to 4 October 2020 $'000	26 weeks to 29 September 2019 $'000	(Audited) 53 weeks to 5 April 2020 $'000
Amortisation of acquired intangibles	**2,264**	2,769	5,652
Acquisition costs	**190**	162	156
Total adjusting items	**2,454**	2,931	5,808
Share-based payments charge	**4,048**	2,628	8,737
Total adjusting items and share-based payments before tax	**6,502**	5,559	14,545
Adjusting items tax credit	**(1,096)**	(451)	(2,339)
Adjusting items and share-based payments after tax	**5,406**	5,108	12,206

Adjusting items include costs that are one-off in nature and significant (such as significant restructuring costs, impairment charges or acquisition related costs) and the non-cash amortisation of intangible assets recognised on acquisition.

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.

Associated with the acquisitions, the Group has recognised certain intangible assets related to customer relationships and order backlogs. During H1 FY2021, the amortisation charge on these intangible assets totalled $2,264,000 (FY2020 H1 $2,769,000, FY2020: $5,652,000). The amortisation of these intangibles is non-cash and split between Servatron ($1,151,000), GTK ($535,000), Silcotec ($550,000) and MC Electronics ($28,000).

Acquisition-related costs of $190,000 (FY2020 H1: $162,000, FY2020: $156,000) are related to acquisition of DEKA. These costs cover due diligence and legal fees associated with the transactions. In the prior year, the Group incurred acquisition related costs of $156,000, split between $98,000 for Servatron Inc and $58,000 for Ta Hsing Industries Limited. These costs represented legal fees associated with the transactions.

4. Tax charge

The Group tax charge for the period is based on the forecast tax charge for the year as a whole and has been influenced by the differing tax rates in the UK and the various overseas countries in which the Group operates.

The Group incurred a tax credit of $1.1 million (H1 FY2020: tax charge of $2.0 million), representing an effective tax rate of -7.4% (H1 FY2020: 20.1%). The underlying tax charge of $nil (H1 FY2020: $2.4 million) represents an ETR of 0.2% (H1 FY2020: 15.7%).

An underlying deferred tax credit of $2.9 million (H1 FY2020: charge of $1.2 million) arose due to an increase in the deferred tax asset recognised on trading losses and short-term timing differences due to the utilisation based on future forecast taxable profits in certain regions.

5. Earnings per ordinary share

The calculations of the earnings per share are based on the following data:

Earnings	**26 weeks to 4 October 2020 $'000**	26 weeks to 29 September 2019 $'000	(Audited) 53 weeks to 5 April 2020 $'000
Earnings for the purpose of basic earnings per share	**15,437**	7,754	14,696
Adjustments for:			
Adjusting items	**2,454**	2,931	5,808
Share-based payments charge	**4,048**	2,628	8,737
Tax effect of above adjustments and other adjusting item tax movements	**(1,096)**	(451)	(2,339)
Underlying earnings	**20,843**	12,862	26,902

Weighted average number of ordinary shares	**No. shares**	No. shares	No. shares
Weighted average number of ordinary shares for the purpose of basic earnings per share	**151,816,604**	146,651,798	148,057,993
Effect of dilutive potential ordinary shares – share options	**10,370,884**	5,807,934	7,339,875
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**162,187,488**	152,459,732	155,397,868

Basic earnings per share	**Cents**	Cents	Cents
Basic earnings per share from continuing operations	**10.2**	5.3	9.9
Adjustments for:			
Adjusting items	**1.6**	2.0	3.9
Share-based payments charge	**2.6**	1.8	6.0
Tax effect of above adjustments and other adjusting items tax movements	**(0.7)**	(0.3)	(1.6)
Underlying basic earnings per share	**13.7**	8.8	18.2

Diluted earnings per share	**26 weeks to 4 October 2020 $'000**	26 weeks to 29 September 2019 $'000	(Audited) 53 weeks to 5 April 2020 $'000
Diluted earnings per share	**9.5**	5.1	9.5
Adjustments for:			
Adjusting items	**1.5**	2.0	3.7
Share-based payments charge	**2.6**	1.7	5.6
Tax effect of above adjustments and other adjusting items tax movements	**(0.7)**	(0.3)	(1.5)
Underlying diluted earnings per share	**12.9**	8.5	17.3

The underlying earnings per share has been calculated on the basis of continuing activities before adjusting items and the share-based payments charge, net of tax. The Directors consider that this earnings per share calculation gives a better understanding of the Group's earnings per share in the current and prior period.

6. Share capital

	26 weeks to 4 October 2020 $'000	26 weeks to 29 September 2019 $'000	(Audited) 53 weeks to 5 April 2020 $'000
Issued and fully paid: 152,250,802 (FY2020: 151,818,762) Ordinary shares of 25p each	**60,322**	59,566	60,189

On 1 July 2020, the Group issued 432,040 shares under the 2019 deferred share bonus plan.

7. Own shares

	26 weeks to 4 October 2020 $'000	26 weeks to 29 September 2019 $'000	(Audited) 53 weeks to 5 April 2020 $'000
At the start of the period	**1,024**	1,890	1,890
Disposed of in the period on exercise of options	**(434)**	(381)	(2,630)
Purchase of shares	**-**	-	1,764
At end of the period	**590**	1,509	1,024

The own shares reserve represents the cost of shares in the Company held by the Volex Group plc Employee Share Trust to satisfy future share option exercises under the Group's share option schemes.

On the 29 April 2020, the Trust disposed of 250,000 shares to satisfy the exercise of share options. The number of ordinary shares held by the Volex Group plc Employee Share Trust at 5 October 2020 was 206,576 (H1 FY2020: 1,410,983, FY2020: 456,576).

8. Analysis of net funds/(debt)

	5 April 2020 $'000	New leases $'000	Cash flow $'000	Exchange movement $'000	Other non-cash changes $'000	**4 October 2020 $'000**
Cash & cash equivalents	31,649	-	2,048	532	-	**34,229**
Bank loans	(79)	-	42	-	-	**(37)**
Other loans	-	-	(2,584)	-	-	**(2,584)**
Debt issue costs	510	-	-	27	(114)	**423**
Lease liability	(10,883)	(2,555)	2,263	(198)	(315)	**(11,688)**
Net funds	21,197	(2,555)	1,769	361	(429)	**20,343**

	4 October 2020 $'000	29 September 2019 $'000	5 April 2020 $'000
Cash and bank balances	**34,229**	17,880	32,305
Overdrafts	**-**	(10,478)	(656)
Cash and cash equivalents	**34,229**	7,402	31,649

The carrying amount of the Group's financial assets and liabilities is considered to be equivalent to their fair value.

9. Related parties

Transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note.

The Group has a 26.09% interest in Kepler SignalTek Limited, which is accounted for as an associate. During the period the Group accrued financial income of $97,000 on the preference shares (H1 FY2020: $85,000, FY2020: $196,000). The balance due from the associate as at the period end date was $2,055,000 (H1 FY2020: $1,910,000, FY2020: $1,990,000).

The Group also has a 43% interest in Volex-Jem Co. Ltd. During the period the Group purchased $nil (H1 FY2020: $107,000, FY2020: $116,000) materials from Volex – Jem Cable Precision (Dongguan) Co. Limited, an entity controlled by Volex-Jem Co. Ltd. The balance due to the associates as at the period end was $81,000 (H1 FY2019: $88,000, FY2020: $115,000).

A number of share transactions with Directors have occurred during the period in line with share awards outstanding at the prior year end and as disclosed in the annual accounts for FY2020 and in line with the Director shareholding notices disclosed on the Volex website (www.volex.com).

10. 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 advisors, 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 rectifying the manufacturing process or seeking recompense from its supplier. The Group does not provide for such costs where fault has not yet been determined and investigations are ongoing.

11. Events after the balance sheet date

Effective from the 12 November 2020 the Group signed a new, three-year $100 million multi-currency revolving credit facility to replace the current $30 million credit facility. The facility consists of a $70 million committed facility with a $30 million accordion feature.

On the 12 November 2020 the Company announced the proposed acquisition of the entire issued share capital of De-Ka Elektroteknik Sanayi ve Ticaret Anonim Şirketi ("DEKA"), for a total consideration of up to €61.8 million, on a debt free basis. The Acquisition is expected to close in January 2021, subject to approval by the Turkish Competition Authority and admission of the newly issued shares to trading on AIM.