Strengthening capabilities

Annual Report and Accounts 2021

Welcome to Volex's 2021 Annual Report

WHO WE ARE

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 17 manufacturing locations with a global workforce of over 6,300 employees across 21 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.

Read more about our **Strategy on pages 18 and 19**

Read more about our **Business Model on pages 16 and 17**

Read more about our **Performance on pages 26 to 31**

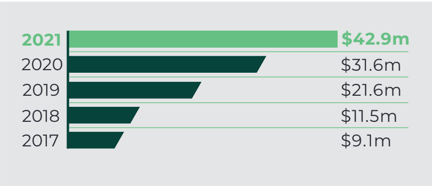
OUR STORY SO FAR

With a focus on efficient manufacturing we have continued to grow our business and expand our reach across market sectors using strategic acquisitions to strengthen our capabilities.

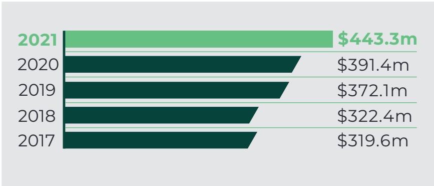
Our growth is supported by the commitment of our employees worldwide, and their ability to exceed customer expectations even during the challenging circumstances we have experienced due to Covid-19. Global trends, such as the move to home working, changes in consumer demand and the increasing popularity of electric vehicles, created opportunities. We were able to respond to these requirements due to our global manufacturing footprint and the capability enhancements implemented over the past few years.

With this year's acquisition of DE-KA Elektroteknik in Turkey, we are now the leading manufacturer of power cords and cables in the world, further strengthening our market presence and customer reach.

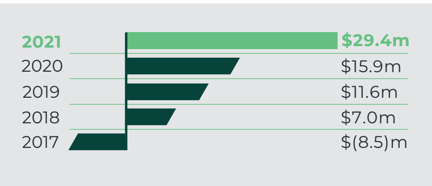
Underlying operating profit ($M)[1]



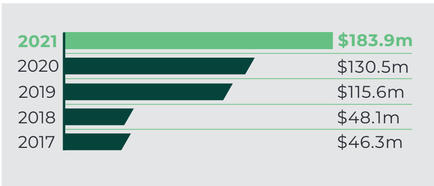
Revenue ($M)



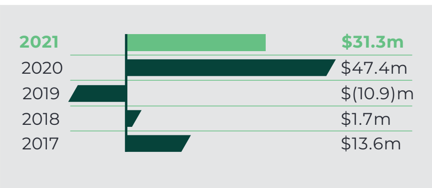
Profit before tax ($M)



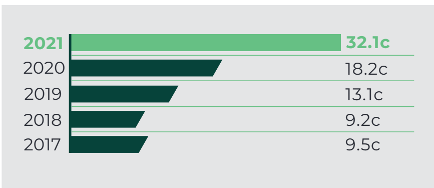
Net assets ($M)



Free cash flow ($M)[2]



Underlying basic earnings per share[3] (cents)



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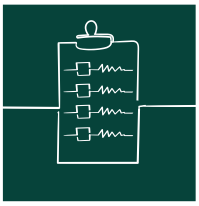
1. Operating profit before adjusting items and share-based payment charges — see note 7 on page 114.
2. Free cash flow is net cash flow before financing activities and the acquisition of businesses, net of cash acquired.
3. Based on profit before adjusting items and share-based payments, net of tax — see note 11 on page 117.

Our Investment Proposition

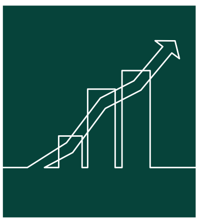
Our customers require flexibility and responsiveness, and we meet these challenges through our global model of integrated manufacturing, tariff-free locations, advanced engineering, local support, and an ever-expanding portfolio of products and capabilities.

And 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.



Scale

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.

Global Presence

With 17 manufacturing sites, and sales and technical support teams across three continents and 21 countries, we are available when, and where, our customers need us.

Acquisition Approach

With six 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.

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.

The culture at Volex

Increased efficiency and continuous improvement come from working together. With manufacturing specialists around the world, we work across all time zones to deliver innovative, defect-free solutions. With experts in design, development, manufacturing, procurement, logistics, export and distribution, we react quickly to support our customers' requirements. In 2021 we supported critical demand for medical-related cables and harnesses to support both the construction of temporary hospitals in Wuhan, China and to the ventilator construction programmes that were active in Europe and North America.

Read more about our **culture on pages 44 to 48**

Engaging with our stakeholders

Ensuring open and effective dialogue with all of our stakeholders is important to us. Find out more about how we have done this over the past year on pages 42 to 43.

OUR PURPOSE AND CORE VALUES

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 become 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.

Supported by our values

1 Be trusted
We put our customers first. We work to understand them deeply and to exceed their expectations. Our customers trust us to deliver their critical projects.

2 Be tenacious
We get things done, we drive for results, we never give up. Continuous improvement means the whole team working together to seize every opportunity to be better.

3 Be challenging
We speak up, are direct and honest with each other. By working together and challenging constructively we develop the best solutions.

4 Be respected
A belief in quality runs through our organisation. We keep our promises and take accountability for our commitments. We take pride in what we do.

5 Be focused
We establish clear goals, objectives and performance standards for our people, products and processes. We communicate these exceptionally well and we play to our strengths by focusing on distinct solutions for our customers.

At a Glance

Acquisition strategy

Acquisitions are a key part of our growth strategy as we operate in a highly fragmented market. We have successfully acquired and integrated six businesses in the last three years. This has delivered new capabilities and customers, contributing to the diverse and resilient organisation we have today.

6
Number of acquisitions since 2018

1,100
New colleagues from acquisitions since 2018

FY2019

MC Electronics
Based in Juárez, Mexico with customer support in California, US.

How did this add to our capabilities?
Expertise in complex customised harnesses which are available with short lead times.

Silcotec Europe
Based in Komárno, Slovakia with a sales team in UK and Ireland.

How did this add to our capabilities?
Expertise in complex assemblies and electro-mechanical sub-assemblies for major medical customers.

GTK
Based in Hampshire, UK with operations in Romania and an international sales force.

How did this add to our capabilities?
Customised electronic solutions including cable assemblies, displays and connectors for over 300 European customers.

What we look for in an acquisition

Acquisitions are a significant element of our growth plans and identifying the right acquisitions is critical to our success. We have developed a consistent acquisition approach that concentrates on businesses we understand well to ensure that every target will be a great fit. There are four key elements that we look for which are set out below.

Customers

It can take a long time to develop customer relationships in our industry. By acquiring a business with a strong customer base, we drive growth in existing accounts as well as realise revenue synergy opportunities.

Capabilities

Many of our customers are looking for a single solution provider who can reliably deliver against their complex manufacturing requirements. We are able to expand our capabilities by buying businesses who are already specialists in advanced manufacturing processes.

Location

Our international network of manufacturing sites allows us to serve global customers. We consider how any acquisition will fit with our current facilities, where we have senior management to oversee the integration activity and where we need to be located to serve our customers.

Culture

We identify businesses that are owned and managed by people who share our values. These are customer-centric organisations who are committed to delivering quality and demonstrate an entrepreneurial spirit.

FY2020

Servatron

Based in Spokane, Washington, US.

How did this add to our capabilities?

PCB assembly with defence and aerospace capabilities and complex electro-mechanical assemblies.

SERVATRON
A Premier EMS Provider
A Volex Company

Ta Hsing

Manufacturing facility in Southern China.

How did this add to our capabilities?

Cable extrusion capabilities allowing vertical integration for our power cords business.

Ta Hsing
A Volex Company

FY2021

DE-KA

Factories in Turkey and Romania.

How did this add to our capabilities?

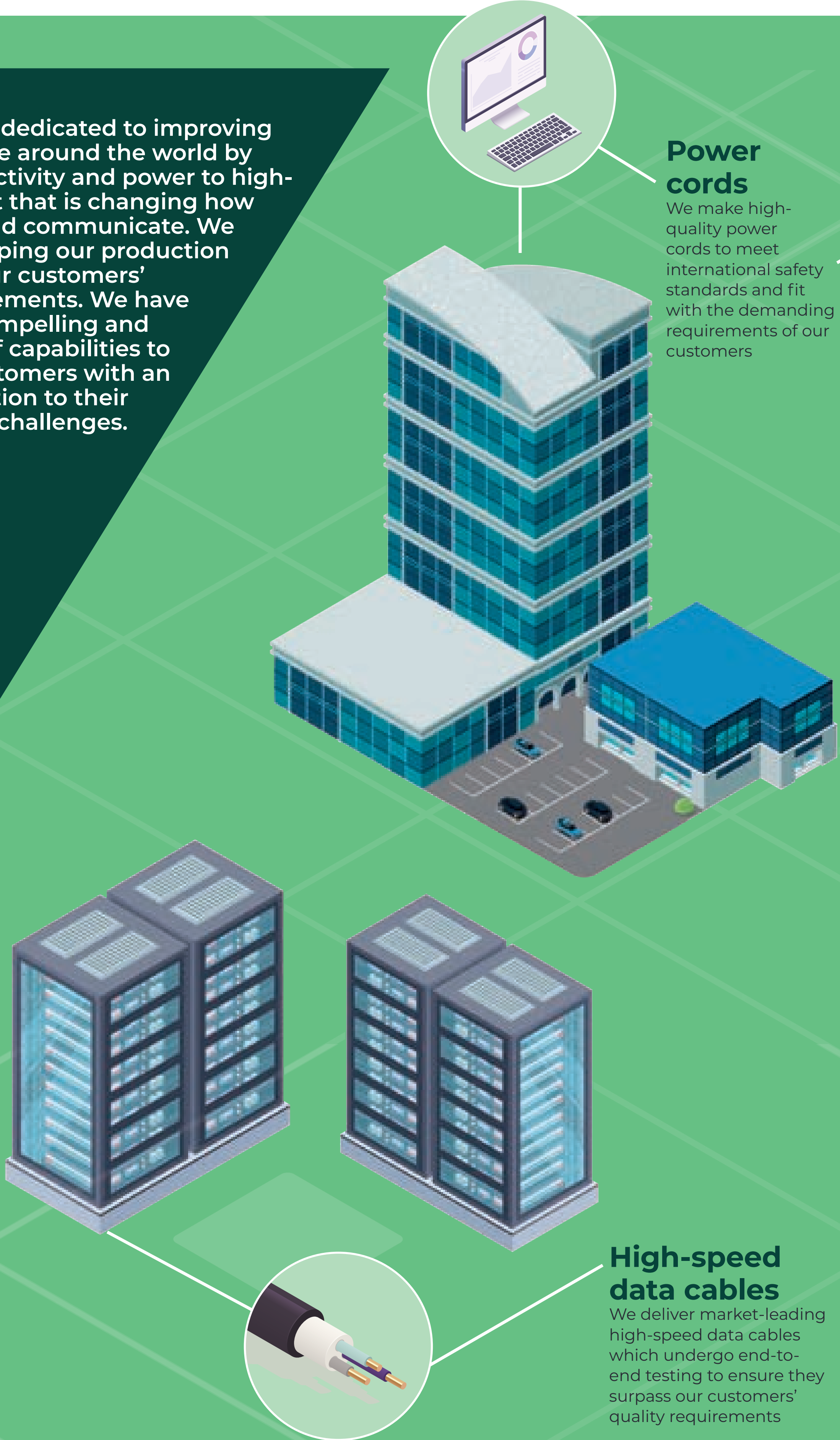
Highly automated production of power cords for the domestic appliance market.

DEKA
A Volex Company

Read more about **DE-KA on page 23**

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 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

'Volex's strategy over the past five years to diversify our customer base and geographic footprint has resulted in a resilient business with a renewed reputation for quality and reliability.'

Nathaniel Rothschild
Executive Chairman

Volex has delivered an excellent set of results this last year, overcoming the very significant challenges posed by the Covid-19 pandemic and demonstrating once again that we are able to deliver a significant step up in our performance. Our strategy, formulated and refined over recent years, has delivered a robust, diversified business with excellent growth and margins.

In 2016, I wrote in my first Annual Report as Executive Chairman, 'from now on, the Volex team will act as owners, in every decision that we make'. Five years on, our goal remains to work as one team and to think like owners. By continuously developing and retaining the best people within our organisation, we can look forward to the future with great confidence.

We are a customer-driven organisation, and we are responsive to their evolving requirements, providing a range of products and services that meet their needs. We have developed and nurtured deep and long-lasting relationships with our customers and this year has shown the importance of good communication as component supplies have been disrupted and customer demand has been volatile. Our customers choose Volex because they know we can be trusted and relied upon to deliver, even in difficult circumstances.

We have shown our ability to invest wisely with the completion of two major infrastructure projects this year. We relocated our operations in Suzhou to an advanced manufacturing facility, giving us scope for further expansion.

We also doubled the footprint of our facility in Batam, one of our most versatile locations. Despite the backdrop of Covid-19, this activity completed on time and on budget thanks to our talented project teams.

Divisional performance

From a standing start in 2017, we have developed an industry-wide reputation for charging solutions for electric vehicles, and we are now a key supplier to a number of global brands. We have broadened our customer base and expanded our product set with revenues up 193% in FY2021. As the adoption of this technology continues at pace, we continue our investment in people and automation to deliver a market-leading, low-cost manufacturing solution.

The consumer electricals sector has also delivered robust demand across FY2021 after a sporadic start as some of our customers reduced their capacity and we have worked closely with them to support their changing demand and complex logistical requirements.

Demand from medical customers has varied depending on the application of the product. Hospitals slowed the installation of major equipment as they prioritised Covid-19 efforts. We are seeing encouraging signs of recovery and believe the roll-out of advanced therapeutic and imaging solutions will allow healthcare providers to tackle expected high levels of patient demand.

For our Complex Industrial Technology customers, the pandemic has delayed new projects. We expect conditions to improve as confidence returns to the sector. We are very proud of the growth in high-speed data centre products with revenue up by 38%. We have an excellent product and competitive pricing and our global manufacturing footprint ensures our products are supplied to the US market with low tariffs. The forthcoming adoption of new data transfer rates offers us scope to make further progress.

Impact of Covid-19

Throughout the pandemic we have put the safety of our people first. Following the initial challenges posed by Covid-19 in China, we implemented additional comprehensive safety measures to protect our global workforce. We are maintaining these measures and continue to support our employees with the challenges that Covid-19 has imposed on them and their families.

We have communicated to our customers and worked collaboratively to adapt to their business requirements. Our customer-facing teams are attuned to our customers' rapidly changing requirements and our managers are empowered to make decisions to resolve issues as they arise.

Acquisitions

Our targeted approach to acquisitions continues to be a central pillar of our growth strategy. Having completed six acquisitions in three years and invested in excess of $100m, we have a well-developed approach and significant experience in execution.

We have a rich and diverse acquisition funnel containing attractive targets that we are actively pursuing, all of which fit within the core competency of our senior operations team. In a buoyant M&A market, discipline in negotiations and not overpaying is critical and we qualify every acquisition extensively and use our deep industry knowledge to find the best opportunities. We firmly believe that our strength in this area will be a significant value driver.

In November we were delighted to announce the acquisition of DE-KA, the largest manufacturer of power cords in the European market. This is our biggest transaction to date and significantly enhances our global footprint in the consumer electricals sector as well as providing immediate scale in the important white goods market. DE-KA has demonstrated outstanding performance since the acquisition completed in February, benefiting from strong consumer demand, and we are investing in DE-KA to increase capacity.

Our Board and our people

There have been some changes to the Board this year. We welcomed Jon Boaden to the Board in the position of Chief Financial Officer in November. Jon joined Volex two years ago as the deputy CFO as part of a carefully orchestrated long-term succession plan and, since his arrival in 2019, he has been significantly upgrading Volex's finance function. He works very closely with our Chief Operating Officer, John Molloy, to align our financial and operational objectives.

We welcomed two new Non-Executive Directors during the year. Sir Peter Westmacott is an expert in managing complex global relationships, having spent 40 years in diplomacy including 14 years as the British Ambassador to Turkey, France and the US. Amelia Murillo has extensive knowledge of manufacturing, having undertaken a number of leadership roles in the industry including her current position as Vice President of FP&A and Treasurer at Carlisle Companies Incorporated. Both Peter and Amelia bring a wealth of experience to the Board.

As we deliver on our ambitious growth targets, it is important for us to have the right talent in our organisation. We have recruited a number of senior roles in FY2021 to ensure we continue to deliver on operational improvements, business optimisation, targeted investment and the execution of our acquisition programme while barely increasing our central overhead. We have also expanded our North American sales team with a particular focus on high-growth areas such as data centre products.

Our employees have shown tremendous resolve and indomitable spirit in overcoming a multitude of challenges and changes in the way that we work. The Board are tremendously grateful to everyone for their contribution this year.

Investment case

We have grown underlying operating profit significantly and consistently since 2016. We have a very strong and united operational team who have been able to optimise our performance as we have grown our capabilities and capacity. The margins we deliver are attractive and underpinned by continuous operational performance and exceptional customer service. This in turn delivers strong operating cash flow.

We have a strong record of acquiring excellent businesses at compelling valuations, allowing us to expand our business and customer base. We have significant debt capacity to execute on further acquisitions and a healthy and exciting pipeline of opportunities. The quality of the businesses we acquire is absolutely critical and every deal must meet our stringent investment criteria.

Our entrepreneurial culture and focus on distinct market sectors where we have deep industry knowledge has allowed us to identify exciting growth opportunities. We enter FY2022 in a strong financial position with excellent investment opportunities ahead of us and a motivated management team who are focused on delivering long-term shareholder value.

Sustainability and communities

We pay very close attention to the impact of our operations on the environment and the communities in which we operate. During the year, we expanded the scope of our Health & Safety Committee to provide governance and oversight on environmental and sustainability matters. This creates greater visibility around our progress in these areas and will drive further improvement.

Our designs for the new facilities we have opened during the year have considered energy efficiency and environmental impact. We are identifying further opportunities to reduce our annual CO_2 emissions. Our teams around the world continue to be active in supporting local communities through project work and fundraising.

Outlook

We delivered strong revenue and underlying operating profit growth in FY2021, demonstrating the resilience of our business in a challenging environment. While all manufacturers are likely to experience inflationary effects in FY2022 as economies recover from the pandemic and supply and demand factors rebalance, our industry model generally enables us to pass these additional costs on to our customers while working closely with them to manage these pressures and drive efficiencies in our manufacturing processes.

Our plans for FY2022 include targeted investment in equipment and people in areas where we have identified growth opportunities. This will enhance our ability to deliver to new and existing customers and continue our journey to be the leading low-cost manufacturer in our chosen markets. It is this focus that will enable us to drive growth and generate further value for all of our stakeholders.

Trading during the first two months of FY2022 has been very encouraging with continued healthy demand from our diverse customer base and enquiries from new customers. Longer term, we remain committed to our five-year plan laid out in October 2019 to deliver revenues of $650 million and $65 million of operating income by 2024.

Nat Rothschild

Nathaniel Rothschild
Executive Chairman
17 June 2021


Volex

01

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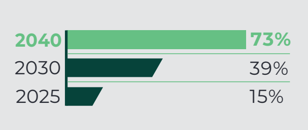
Markets

Many of our customers are leaders in their field, recognised as innovators. It is vital that we understand the latest developments in the industries that we support to maintain our position as the first choice manufacturing partner to our customers.

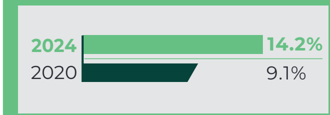
ECONOMIC TREND DATA

EVs as a percentage of new car sales



Source: HSBC Research

Growth in global cloud related spend



Source: HSBC Research

Macroeconomic trends

MEDICAL

Trends

- Governments need to address the backlog in treatments and diagnosis for non Covid-19 care which will require investment in equipment
- Further deployment in medical technology is required globally to realise the benefits of innovative treatment approaches such as robotic surgery
- Growth in medical screening and treatment will improve patient outcomes

How we are responding

- We work with the most advanced medical equipment manufacturers in the world and have the flexibility to support increasing demand
- We are continually expanding our capabilities and accreditations to allow us to support the latest technologies

COMPLEX INDUSTRIAL TECHNOLOGY

Trends

- The migration of data and applications to the cloud continues, particularly as companies adopt hybrid models of working both in and outside of the office
- Customers are looking for tariff-free manufacturing options and geo-political considerations are forcing a rethink in existing supply chains
- Increased demand and investment incentives will accelerate industrial automation

How we are responding

- We are developing the next generation of high-speed data centre cables
- Our global manufacturing footprint gives our customers options
- Our range of capabilities and sector-specific expertise mean we can address the most complex customer requirements

ELECTRIC VEHICLES (EV)

Trends

- Automotive model launches are focused on EV as consumer adoption increases, creating significant additional year-on-year demand
- Government incentives are encouraging EV sales in many markets
- Covid-19 is forcing automotive manufacturers to review their supply chains and how they sell to consumers

How we are responding

- We continue to expand our relationships with manufacturers at the design stage
- The market is growing quickly and we are there to supply their needs for quick and convenient charging
- We have exceptional credentials and a world-class engineering team which means we are the supplier of choice for customers developing their EV product sets

CONSUMER ELECTRICALS

Trends

- Consumers are spending more on home improvement which includes replacing domestic appliances, resulting in demand exceeding supply in much of FY2021
- A move to home working has created demand for notebooks, printers and monitors
- Home entertainment products such as media streaming boxes have proved popular

How we are responding

- We have worked closely with our customers to meet their increased demand
- Investment in automated production will increase our output and improve efficiency
- Customers value suppliers who can produce in multiple locations to reduce supply chain risk and minimise logistical challenges

Our global markets

NORTH AMERICA

Overview

North America is an important market and home to some of our high-growth customers in the electric vehicle and data-centre sectors. We have a variety of manufacturing options within and outside the region.

46%

Revenue from North America

Outlook

There are signs of a significant recovery in the US economy as the effects of pandemic economic support drive consumption and support growth. We expect further demand for consumer electricals and electric vehicles.

EUROPE

Overview

With the acquisition of DE-KA in FY2021 we have significantly expanded our power cord customer base in Europe, particularly for domestic appliances. We also have a number of important medical and industrial customers.

24%

Revenue from Europe

Outlook

We expect demand for domestic appliances to remain at high levels as consumers invest in home improvements. Demand from our medical customers will improve as installation schedules normalise.

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.

30%

Revenue from Asia

Outlook

Demand from customers remains strong for both suppliers into this region and exports. Shortages of some components are creating challenges for some customers but this should normalise later in the year.

Markets

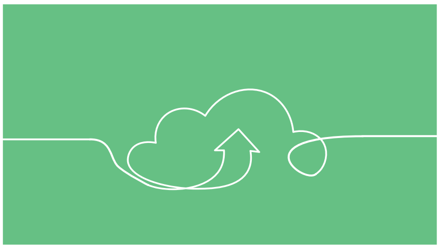
Responding to customer requirements is incredibly important. We develop our capabilities and manufacturing footprint in response to our customers' developing demands and other industry trends.

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

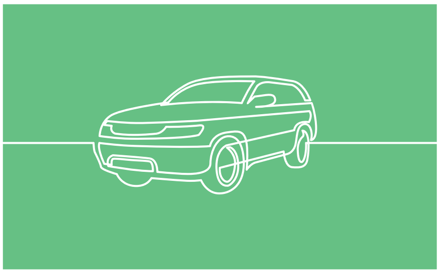
COMPLEX INDUSTRIAL TECHNOLOGY



Customer developments

- Our data centre customers have experienced significant growth as business applications and entertainment has moved into the cloud as a result of the pandemic
- 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
- Challenges associated with the pandemic slowed the roll-out of new technology projects which impacted some of our Complex Industrial Technology customers
- 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

ELECTRIC VEHICLES



Customer developments

- Sales of electric vehicles are growing significantly as consumer acceptance of the technology and environmental awareness drives demand
- Public charging infrastructure has grown, leading to increased driver confidence and simplifying the ownership proposition
- Further increases in the availability of charging outside the home and advances in battery technology will reduce barriers to adoption as will reductions in the cost differential between EV and internal combustion engine (ICE) 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

CONSUMER ELECTRICALS

Customer developments

- The shift to home working in FY2021 is likely to continue creating demand for home office equipment
- During the pandemic, spending diverted from services and travel to electronics and home renovation
- Sales of domestic appliances have been very strong with some shortages in certain markets
- Challenges in logistics and supply chains have forced manufacturers to look at their procurement strategies
- Customers are holding higher levels of inventory to reduce the impact to production schedules from shortages or delivery delays

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

7.0%

Increase in global healthcare spending[1]

6.6yrs

Increase in life expectancy 2000–2019[2]

How we are responding

- Our new 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 demand as this returns
- Our skilled production operatives possess significant knowledge on how to manufacture the complex products that our customers depend on us for - we have retained these skills and are ready for an increase in orders
- We are able to offer customers a variety of manufacturing locations which help them manage the supply chain and reduces the impact from tariffs

8.9%

Annual growth in industrial automation[3]

6.0%

Data centre infrastructure growth[4]

How we are responding

- We have increased our EV production capability during FY2021 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 are investing in product specialists and engineers to ensure we stay at the forefront of this technology

10.0%

New cars sales in Europe that are EVs[5]

3.2 million

EVs on the road in Europe[5]

How we are responding

- We have worked very closely with our customers throughout FY2021 to help them manage changes in 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 just-in-time processing and fulfilment
- The vertical integration we have implemented in respect of power cord production allows us to be one of the lowest cost manufacturers

5.3%

Annual growth in consumer electronics market[6]

1 in 5

Days expected to be worked from home in the US[7]

1. Industries in 2021 Economist Intelligence Unit
2. WHO Global Health Observatory
3. Fortune Business Insights, annualised growth 2019-2027
4. Gartner Research
5. IEA Global EV Outlook 2021
6. Fortune Business Insights, annualised growth 2020-2027
7. University of Chicago research

Business Model

Introduction

Volex'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. 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.

KEY RESOURCES →

Experienced management

Our management team has a deep understanding of our business and how we can best support our customers. This helps us define the optimal strategy for our organisation.

Strong capital structure

We have a strong balance sheet and we generate free cash flow, allowing us to invest in our business. Capital expenditure goes through a rigorous review process to ensure that we generate an excellent return where we deploy funds.

Global reach

Our global manufacturing base and international sales team allows us to run manufacturing on a cost-efficient basis with local support for our customers. We are able to leverage our global scale to secure favourable pricing for the components we need.

Engineering knowledge

We have world-class product and process engineers with many years of experience in our markets. We are able to deploy this to streamline the new product development process and optimise manufacturing.

KEY ACTIVITIES →

1 DESIGN AND ENGINEERING

Customers choose to work with us because we have significant expertise in our specialist areas.

Delivery channels: Product design

We design solutions that meet the power and connectivity needs of our customers while also addressing the challenges our customers face with their next-generation products.

We are particularly strong in the area of power cords where we have significant experience in delivering power in a range of challenging scenarios. This knowledge is crucial given the safety-critical nature of the product.

New product introduction

We work closely with our customers' engineering teams at an early stage of the development cycle to help optimise the approach and achieve their design objectives. This partnership approach allows us to identify cost-saving opportunities.

2 BUILD

Our belief in 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.

Delivery channels: Supply chain management

We manage, on behalf of our customers, the sourcing of all required components for their cable assembly solutions. We seek to own the bill of materials for all our products, allowing for the selection of components that offer the best all-round performance after considering cost, quality and delivery response times.

Manufacturing

We construct and test integrated manufacturing solutions according to customer requirements for volume, quality, lead-time and price. Our global manufacturing footprint and distribution hubs enable cost-efficient localised production and effective inventory control.

3
SERVICE

The long-standing relationships we have with our global customers are a testament to our high levels of customer service. In a world where just-in-time processing is critical to production, our ability to manage lead times and achieve challenging delivery targets is a major part of what we do.

Delivery channels:
Global logistics

We maintain facilities over three continents in order to be a 'local' supplier to customers and better support their own production and speed-to-market objectives.

Our customer hubs enable us to support fully our customers' just-in-time manufacturing.

OUR CUSTOMERS

Electric Vehicles

We work with leading electric vehicle manufacturers and automotive technology customers.

What Volex provides:
With safety approvals in every major market we deliver mains-voltage AC and high voltage DC charging solutions using our deep experience in delivering high quality power cords.

Consumer Electricals

We work with the biggest global brands supporting products found in many homes and offices around the world.

What Volex provides:
We provide a wide variety of safety-approved power cords tailored to our customers' individual requirements.

Medical

We work with some of the largest medical companies in the world who are at the forefront of technology.

What Volex provides:
We deliver complex cable assemblies and full assemblies that pass stringent medical regulatory requirements.

Complex Industrial Technology

Our customers use advanced technology in a variety of applications, including data centres and industrial automation.

What Volex provides:
We offer highly competitive high-speed data cables and complex assemblies, including full box builds.

VALUE GENERATED

Shareholders

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

Long-term: We have ambitious plans to deliver growth organically and through acquisition to increase the 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 has delivered significant improvements in underlying operating margins and is demonstrating revenue growth. We are committed to delivering continuous improvements to maximise profitability and cash generation. This will enable us to re-invest in expanding our capabilities as well as pursuing our strategy of acquiring excellent businesses and delivering increased shareholder value.

1 Where we are now

In FY2021 we delivered higher revenues and improved our underlying operating margins by concentrating on our four main markets of Consumer Electricals, Electric Vehicles, Medical and Complex Industrial Technology.

We have deep and long-standing customer relationships, forged through our commitment to quality and customer service. We have an excellent reputation in our chosen markets.

We have delivered six successful acquisitions, proving our credentials as acquisition experts.

Our new facility in Suzhou, China

2 What we are doing

We have a deep understanding of our markets and where we can deliver value. We are making 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 are starting a Group-wide change programme which will deliver a unified 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.

1.8%
Capital expenditure as a proportion of revenue

13.3%
Year-on-year revenue growth

ORGANIC GROWTH

We are investing in:

Capability

We are targeting investment in areas where we can deliver growth and deliver higher value solutions to customers.

Digital

A unified ERP solution to standardise processes and help us focus on driving profitability.

People

Strengthening our sales and engineering teams and improving performance and recognition systems.

Leadership team

We have changed our Board composition to bring new perspectives as well as expanding our team with some additional key management roles.

Marketing

We have a new roadmap for marketing which will help us convert new customer opportunities.

INORGANIC GROWTH

Acquisitions

We have an agile approach to acquisitions with an earnout-based model that differentiates us from traditional acquirers.

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 strategy is designed to deliver consistent growth and to maximise margins. This will give us the opportunity to deliver strong free cash flows which will fund further investment and acquisitions.

We have a strong team who are passionate about delivering long-term growth for our shareholders.

Volex has made tremendous progress in recent years and there is much more to come.

We strive to achieve the highest standards of cleanliness in our operations to ensure defect-free production

Strategy

Introduction

Our strategy is focused on five areas 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 been working on the next generation of high-speed copper data cables that will deliver improvements in cloud computing infrastructure. We have also been moving customers across to power cords based on our own extrusion technology.

The acquisition of DE-KA augments our expertise in relation to power products and will help us optimise our manufacturing processes for power cords.

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

1 3 4

CUSTOMER FOCUS

What this means

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 during the pandemic.

We aim to show a comprehensive understanding of our customers' operations. We recognise the importance of being responsive at every stage of the customer journey, from the initial engagement and quotation process through to order fulfilment.

Strategy in action

Throughout the year we kept our customers updated on the status of our manufacturing facilities and the availability of key components. We also communicated regularly to understand how our customers' needs were changing as they responded to the challenges of Covid-19.

All of our operations teams are measured on customer satisfaction.

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

1 2

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 important operational improvement projects during the year. The two that really stand out are the move of our factory in Suzhou to a new state-of-the-art facility allowing us to redesign key process flows to improve efficiency. The second project was the completion of the construction of the factory expansion in Batam to create a vertically integrated manufacturing capability 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 FY2022.

Link to KPIs

2 4 5

INVESTMENT AND ACQUISITION

What this means

Acquisitions are a key element of our overall growth strategy. The combination of a strong balance sheet and the availability of funding from our refinancing in FY2021 provides an opportunity to increase scale, customer reach and capability. Our agile approach to acquisitions, strong network amongst Volex senior management and earnout-based model differentiates us from traditional acquirers.

We have significant investment opportunities in our existing business that will deliver good cash returns.

Strategy in action

Our acquisition of DE-KA during FY2021 was the largest transaction we have undertaken to date. It gives us a significantly enhanced scale in the European power cord market and presents us with a number of exciting cross-selling opportunities in the domestic appliance market.

We have also deployed capital expenditure during the year, particularly in growth areas, such as to support our progress in electric vehicles.

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 FY2022 which will support our growth.

Link to KPIs

3 6

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.

We introduced a site excellence award programme during the year which has been well received and will encourage strong 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.

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

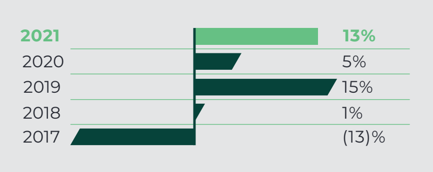
3 6

Key for 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 (%)



Definition
Change in reported revenue compared to the previous year.

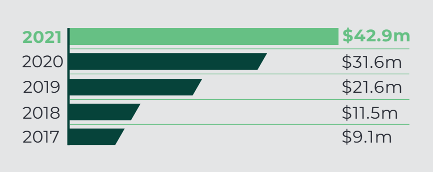
Relevance
Through consistent customer service and the right sales mix we aim to drive higher revenue.

Performance
Revenue growth in the period was strong, particularly in relation to electric vehicle customers.

Link to Strategy
Product Development

Customer Focus

2 Underlying operating profit ($m)



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 improvements in efficiencies, as well as acquisitions.

Link to Strategy
Customer Focus

Operational Excellence

Link to Remuneration
Annual bonus
LTIP

3 Return on Capital Employed (%)

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

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

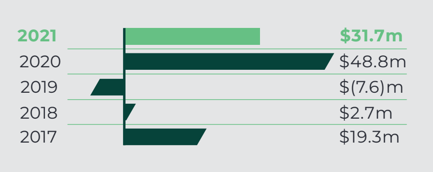
Performance
This measure has improved due to higher profitability and the success of the acquisition strategy.

Link to Strategy
Product Development

People

Investment and Acquisition

4 Underlying Free Cash Flow ($m)



Definition
Underlying free cash flow excludes costs of acquisitions, adjusting items and share-based payments.

Relevance
We aim to maximise cash generation to fund further acquisitions and support the growth of the business.

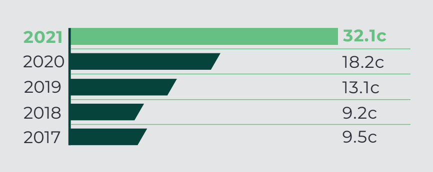
Performance
Cash flow has benefited from the underlying profitability of the business and favourable working capital movements.

Link to Strategy
Product Development

Operational Excellence

Link to Remuneration
Annual bonus

5 Underlying Basic EPS (cents)



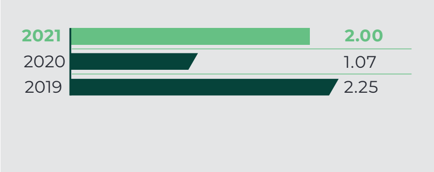
Definition
Earnings per share adjusted for the impacts of adjusting items and share-based payment expense.

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

Performance
The growth of the business through acquisition, improvements in profit and the recognition of deferred tax assets have improved EPS.

Link to Strategy
Operational Excellence

6 Employee Safety (LTA per million hours worked)



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 year on year. With each new acquisition we add in two years of historical data. This explains the increase in our year-on-year performance. If we exclude our most recent acquisition then we have achieved a 59% reduction in accidents since FY2019.

Link to Strategy
People

Investment and Acquisition

‘With a strong management team and an impressive customer list, DE-KA is a perfect fit with our business model.’

Nat Rothschild
Executive Chairman

STRATEGY IN ACTION

Acquisition of DE-KA

DE-KA is the leading manufacturer of power cords in Europe specialising in the European white goods market. It has a highly automated flagship production site near Istanbul with satellite plants in Western Turkey and Romania. This acquisition brings us access to major new customers.

Overview

The acquisition of DE-KA will create a great platform for us to further expand sales of power cords in Europe. DE-KA has best-in-class manufacturing sites and processes. There is an opportunity to share knowledge between our sites to optimise the production process.

How will this benefit Volex?

- DE-KA has relationships with global domestic appliance manufacturers, providing cross-sell opportunities
- Organic growth potential with existing customers and facilities
- Diversification of customers and end markets
- Increased scale offers procurement savings opportunities
- Strong management team that will remain in the business
- Enhances footprint in Europe

DE-KA has shown resilient performance through the period of the Covid-19 pandemic and has experienced high levels of customer demand. We have approved additional investment to deliver extra capacity in FY2022.

The business is run extremely well with an experienced management team who has a deep understanding of the customers and the products.

The acquisition of DE-KA is an exceptional opportunity for Volex. It accelerates our strategy of creating the most efficient and lowest-cost producer in the industry. The business has an excellent track record and is positioned well in high structural growth end-segments such as white goods to deliver exciting growth in the future.

Link to Strategy

People

Investment and Acquisition

$60.7m

Annual revenues based on 12 months to March 2021

$12.2m

Annual operating profit based on 12 months to March 2021

28 years

Experience of manufacturing power cords

Operational Review
Q&A

‘I am extremely grateful to all of our employees who have worked incredibly hard to address the challenges of Covid-19.’

John Molloy
Chief Operating Officer

Q Underlying operating margin for the Group has increased to 9.7%, what sort of improvement do you expect going forward?

A We made a lot of progress on our underlying operating margin through a combination of activities. We support a diverse range of customers with a complex collection of manufacturing processes and we have delivered profitability improvements through continuous improvement and targeted automation. Our supply chain team have also been very successful in negotiating cost reductions for bought-in parts, delivering savings that we are able to share with our customers.

We expect to see inflationary pressure in raw materials, including copper and other components, in FY2022. These increases will be passed on to our customers, but this is not instantaneous. Our competitors are facing the same pressures and our focus will continue to be on manufacturing efficiency, customer satisfaction and quality.

In October 2019, we set out an ambitious five-year plan to achieve underlying operating margins of 10%. Based on our current customer mix and our focus on low-volume, high-mix manufacturing services, that represents the optimal level of margin where we can balance profitability and price competitiveness. We are heading towards this margin target at the same time as investing in growth areas.

Q What are the investment priorities for FY2022?

A To deliver sustainable growth, we need the right capabilities, the correct expertise and highly efficient manufacturing so we are the lowest cost producer. We have to invest in people and infrastructure. We have a solid business but investment has been low in the past as we focused on process improvement and transformation. We have a clear view of where we can deliver value from our investments. Everything we do is supported by a strong investment case and many projects pay back within two years.

There are some important investment projects for FY2022 that will improve our manufacturing efficiency and enhance our capabilities. We are implementing a new ERP system which will be a catalyst for business process change across the organisation and will support collaboration between our facilities.

Vertical integration is important for power products and DE-KA illustrates this perfectly. By bringing together all of the manufacturing steps in one location, with a streamlined and efficient process, DE-KA are the lowest cost producer with an efficient operating model. This shows the benefits of consolidating operations and creating flexible and versatile manufacturing sites that excel at integrating the end-to-end manufacturing processes.

Q How will you maintain margins in the face of inflationary pressures and competition?

A We have a great track record of working with our customers to help them identify alternative components that meet their stringent quality requirements but at a lower price. This can help offset some of the impact of inflation, but ultimately increased costs in raw materials will be passed through to our customers.

Pricing is always complicated in a competitive environment. We have a tremendous amount of knowledge about our production process and where we add value to the customer. We work within established parameters to define our pricing strategy, but we also recognise where we need to be flexible for strategic opportunities.

Q How do you approach the integration of acquired businesses?

A Every business is different so the integration plan is unique. We have bought businesses that are well run with engaged and capable management teams. There is an initial alignment process where we look to synchronise reporting, key internal controls and critical areas such as safety standards. Then we identify where we can share the skills and experience we have in the Group to benefit the acquired operations. We have a lot of expertise in the organisation and transferring knowledge is important.

We encourage local decision-making. Every site is led by an experienced manager who takes ownership of operational and financial performance. This decentralised structure helps us make quick decisions and put the customer first. When we make an acquisition, we can slot them into this structure. A shared understanding of our corporate culture and expectations around performance is important. In fact, ensuring we have alignment in our values and ways of working is an important part of the decision process before we commit to an acquisition.

Q What acquisitions do you need to make to close out gaps in your capabilities?

A We acquire businesses to gain new customers or deliver additional services based on our customers' requirements. Our current manufacturing footprint works for us today, but we keep this under review as manufacturing trends evolve.

Our acquisition of DE-KA has rounded out our worldwide reach in the production of power cords for consumer electricals. There are some very interesting opportunities in respect of integrated manufacturing services. It is an extremely fragmented market and customers are recognising that there is a significant risk in buying from smaller, standalone businesses operating from a single site. These present opportunities for acquisitions where we can leverage the scale of Volex to deliver resilience for the customer.

Identifying the right market sectors is a crucial part of the acquisition approach. We have a very compelling proposition where we can balance low volumes, a complex product and stringent quality requirements. This is why we have such great traction in areas such as the medical segment. What is really important to the success of acquisitions is having a really clear view of where we can add value and deliver good returns. This knowledge is central to our planning around the identification and execution of acquisitions.

Q How does the Volex strategy support growth?

A The level of innovation required to deliver revenue growth varies by customer. In areas where the market is growing and the technology is developing, the sales activity is very solution driven. In areas like electric vehicle charging solutions and power and high-speed transmission solutions for data centres, we are using our expertise to solve the challenges that customers face and win new projects.

In other areas, the challenge is about having efficient manufacturing processes and quality assurance. This provides cost competitiveness and allows us to exceed our customers' high expectations. We have manufacturing engineers in all our plants who help us optimise our processes. We also share knowledge between our sites to enhance best practice.

Q Did Covid-19 highlight any weaknesses in your organisation?

A The disruption from Covid-19 has presented some operational challenges, and I am extremely grateful to all of our employees who have worked incredibly hard to address these challenges. Throughout the year we have put the safety of our colleagues first. This has been a demanding period for our customers and I am proud of how we have supported them.

Rather than highlight any particular weaknesses, I think we have shown what a strong and resilient organisation we have built in the last few years. We kept our factories open during FY2021 because we acted quickly and decisively to roll out workforce protection programmes in all of our sites, meaning our teams were familiar and comfortable with the new protocols while levels of local cases were low. Having experienced management in each of our facilities who can exercise judgement in the context of their own production environment and the situation in their locality definitely helped.

Our global footprint, with manufacturing in 10 different countries, has given us flexibility. Not just in terms of production capability but having supply chain and logistics colleagues around the world has been crucial as we have supported our customers in a fast-moving environment.

Q How do you think the EV market will develop?

A Electric vehicles is an exciting growth area with an understandably high profile at the moment. Consumers are embracing the technology and the environmental benefits. As a company with over 100 years' experience of delivering innovative solutions to electrical engineering challenges, it isn't surprising that we have had a leading part to play in charging the new generation of passenger vehicles.

We are no stranger to operating in competitive markets where price, quality and customer service are critical differentiators. It is important for us to be one of the lowest cost producers. We are continuing to invest in our facilities and processes to maintain our competitive position.

Q What have you learnt about DE-KA post acquisition?

A DE-KA is a very well run business with a great customer base. They have secured their position as the leading supplier of power cords for the European domestic appliance market through outstanding delivery. I think there will be opportunities to introduce their customers to capabilities in other regions.

In the six weeks that they have been part of the Group, DE-KA have been incredibly busy and they have a strong order book going into FY2022. In fact, performance is so strong we have agreed to expand their production capacity with the introduction of additional automated production lines.

Performance and Financial Review

Performance Review

Overview

Our FY2021 performance underlines the progress that Volex has made in recent years. In what was undoubtedly one of the most challenging years for manufacturing in recent memory, the business delivered a great result with strong improvements to both underlying operating margin and revenue. This demonstrates the benefits we have secured from broadening the customer base, expanding the manufacturing footprint and the relentless focus on driving optimisation and efficiency in processes.

Demand for power cords for the consumer electricals market was strong and we were able to take advantage of the efficiencies and capacity we have delivered in this area. A notable highlight during FY2021 was the acceleration in our electric vehicle business. This is a demanding area that showcases our expertise and engineering capability. It was a mixed year for our medical customers with strong demand for portable patient monitoring devices and respiratory care appliances offsetting a slowdown in the deployment of larger therapeutic and diagnostic machines. Our Complex Industrial Technology customers saw variability in demand as companies delayed investment decisions while waiting for a better understanding of the economic impact of the pandemic. Data centre products grew strongly, helped by the rapid uptake of cloud services and streaming as work and leisure trends changed.

Amongst a number of important investment projects in the year, the most significant were the site relocation in Suzhou, China and the facility expansion in Batam, Indonesia. Both of these projects were delivered on time and on budget despite the challenging circumstances. Relocating our production site in Suzhou presented us with the opportunity to create a manufacturing centre of excellence in East China, where we will locate a number of our engineering and manufacturing specialists. Batam has proven to be one of our most profitable and versatile manufacturing sites. Doubling our factory footprint there provides a platform for growth.

We completed the acquisition of DE-KA, the leading producer of power cords for the European consumer electricals market, in February 2021. This is an exceptionally well run business with industry-leading margins and an impressive blue-chip customer list. We have a strong acquisition funnel with opportunities at various stages of qualification. Acquisitions are a crucial part of our strategy and a significant focus.

The success of our operations is down to the talent and hard work of our workforce, which now numbers over 6,300 individuals across 21 different countries. We have continued to invest in developing talent within the organisation and supporting the growth and development of our colleagues at all levels. We have put a significant emphasis on improving our performance management approach to support the achievement of our strategic objectives and this is evident in the progress we have achieved this year.

The impact of Covid-19

It has been an incredibly challenging year for our employees, our customers and our suppliers. Creating and maintaining a safe environment for our colleagues has been the foremost priority throughout the year. We rolled out a set of stringent health and safety requirements across all our manufacturing sites to reduce the risk of the spread of infection at our locations. As a result of these measures we did not experience any significant downtime at our sites in FY2021.

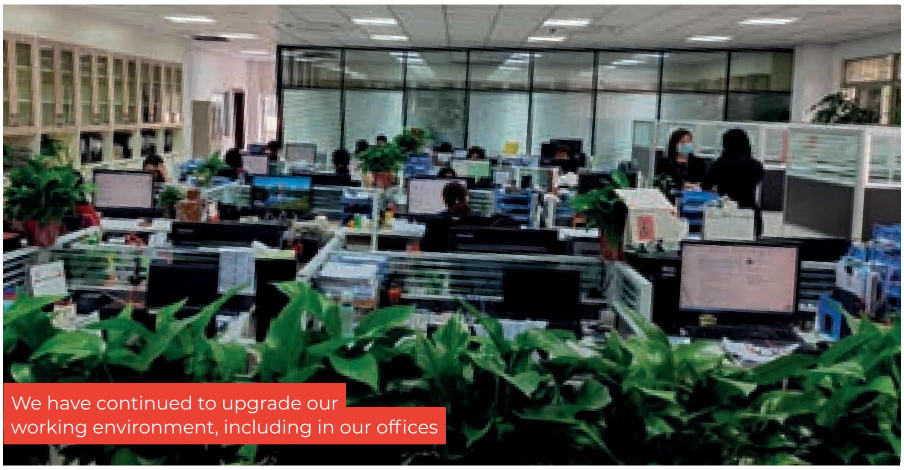
The pandemic has seen changes in the operation of global supply chains. There was an excellent response from our procurement teams who have done an outstanding job securing the components required for customer projects. Changes in supply and demand and the availability of air freight, much of which was carried on passenger aircraft, has had an impact on the sea freight lanes that transport our Asian output to Europe and North America. This has resulted in higher shipping costs and longer transit times. We have worked closely with our customers to manage these impacts.

Covid-19 has had an impact on the cost of some of our raw materials. In the first half of FY2021, the price of copper dropped as there was uncertainty about global requirements. As demand improved in the second half of the year, copper prices increased. Our contracts with our power cord customers, where copper is a significant percentage of the bill of materials, allow us to pass these costs through to the customer, although there can be a short delay to allow the pricing changes to be implemented.

Acquisitions

DE-KA is the sixth acquisition we have completed in the last three years and also the largest. It achieved revenues of $60.9 million for the year to 4 April 2021 and has contributed revenues of $9.2 million in the six weeks since it became part of the Group. We identified DE-KA as a target on the strength of their reputation in Europe as a leading power cord manufacturer with a significant share of the domestic appliance market. At the time of the initial approach, the owners had not considered selling. Our track record on previous transactions and our approach to integration, where we ensure we retain the entrepreneurial elements that have made the target a success, convinced them to join the Group.

Having completed the acquisition, we are actively pursuing revenue synergies by leveraging strong



We have continued to upgrade our working environment, including in our offices customer relationships on both sides to drive additional sales. We have also conducted an initial analysis of their supply contracts to identify combined procurement savings. The manufacturing engineers at DE-KA have a significant knowledge of the end-to-end power cord production process, allowing us to share best practice across the Group.

The successful acquisition and integration of quality businesses is a major part of our strategy. Our typical acquisition target is a well performing business in a sector where we have a deep understanding. We are attracted to businesses with excellent customer lists and good capabilities that drive long-term customer relationships. Targets that require significant integration or restructuring effort are only feasible where we can identify the right management resources to lead this activity. We want to maximise the value we can create from every acquisition and we only take forward opportunities that meet the strict value criteria that we tailor for each transaction based on the specific characteristics of the target.

To select the right opportunities, we identify potential acquisitions through a variety of methods, seeking out businesses that are not on the market as well as those already in an active process. All of these 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 only proceed to due diligence where we have an alignment in the commercial terms.

Acquisitions remain a high priority and we are actively pursuing a number of opportunities which are at different stages of qualification. We have good access to funding to allow us to complete on this strategy, with low levels of net debt at the end of the year and significant undrawn facilities. The completion of any acquisition is dependent on the business meeting our stringent requirements following appropriate due diligence and negotiations.

STRATEGY IN ACTION

An extraordinary and dedicated Covid-19 operations challenge

The sudden onset of the Covid-19 pandemic in early 2020 represented an extraordinary challenge to the entire Volex team to respond to the global rush to manufacture ventilator cords, wire looms and other highly needed hospital equipment components.

Ventilator manufacturing demands across Europe and North America spiked as both areas of the world were experiencing increased pressure to domestically engineer and manufacture new ventilator designs in an environment where manufacturing shutdowns were occurring and supply chains evaporating. Government sponsored programmes were in full swing to support the manufacture of this desperately needed medical equipment.

Tremendous support, dedication and extraordinary effort was provided by the Volex Tijuana, Poland, Zhongshan and Shenzhen teams, as well as our GTK subsidiary in the UK, for the delivery of critical components and assemblies to a wide variety of medical equipment manufacturing customers.

Volex Tijuana supported the internal assemblies for ventilators supplied to one major US OEM and its nationwide manufacturing facilities. In addition, our Tijuana and Poland facilities also supported the increased demands for multiparameter monitors used in ICUs across Europe and North America. Our Zhongshan and Shenzhen locations responded to the power cord requirements for these same multiparameter monitors.

The overall mobilisation effort included our global and local operations teams supporting each other on a total project management programme that included daily material order management, and expediting manufacturing and shipment. Sometimes this involved working directly with the customers, local governments and authorities to reopen the factories of critical supplier partners. The challenges that our global teams overcame included ramping up production schedules, the introduction of additional work cells and shifts, and overtime management to manufacture and deliver product as fast as possible.

All of these efforts were successfully organised, achieved and delivered despite the challenging and difficult manufacturing and supply chain environments we experienced.

Link to Strategy

People

Investment and Acquisition

Performance and Financial Review

Performance Review

193%

Year-on-year growth in Electric Vehicle revenue

11.8%

of Group revenue from Electric Vehicles

Revenue by customer sector

Consumer Electricals

Consumer electricals demand has been robust in the period, despite a slow start to the year due to supply chain and shipping restrictions. Revenue grew to $164.0 million (FY2020: $156.8 million). As many consumers spent more time at home during the pandemic, demand for entertainment and home-office equipment was high. Consumer electricals are well suited to the shift to online buying that has occurred over the last year.

Sales in the first two months of FY2021 were lower than expected as our customers' manufacturing sites returned to production following the closures at the end of FY2020. At this point in the year we saw strong demand for power cords to support the move to the home office, particularly printers, monitors and notebooks. As the year progressed, our customers returned to full capacity with many of them increasing order quantities in response to pent-up demand. Towards the middle of the year, our customers who were involved in home entertainment, including consoles and streaming devices, and small appliances, such as coffee machines, were particularly active. These trends continued right up to the end of the year with the final quarter stronger than usual. These figures also include the contribution made from the acquisition of DE-KA for the six weeks since we completed the transaction on 18 February 2021.

We have prioritised investment in automation to increase our efficiency and capacity.

Electric Vehicles

The automotive industry is experiencing a period of rapid change. The launch of new models, government incentives and stricter emissions legislation are driving growth in the sales of electric vehicles. As leaders in the development and manufacture of power cords, Volex is able to bring significant experience to the technology associated with electric vehicle charging. Our customers are looking for a robust product, designed with reliability and safety as a priority. Our skill in these areas has allowed us to broaden our customer base and expand the range of products that we sell to each customer. As sales of electric vehicles increase, we expect the sector to become more competitive. We are investing in optimising our production processes to ensure we remain one of the lowest cost producers.

Revenue from our electric vehicle customers grew to $53.1 million (FY2020: $18.1 million), a year-on-year increase of 193%. Demand in the first quarter of the year was subdued as our customers identified ways to re-open their automotive plants in a Covid-secure way. From the second quarter of the year demand began to pick up, with run-rates improving further in the second half of the year. Over this period of time, we have been increasing our capacity to support production for our electric vehicle customers with additional capacity becoming available in the first half of FY2022.

Medical

Covid-19 placed a tremendous amount of pressure on healthcare systems around the world in FY2021, resulting in changes in the profile of spend on medical technology. Overall, medical revenues were down slightly at $112.7 million (FY2020: $116.0 million), reflecting the variability in demand seen across customers in different segments of the medical market. Orders for components used in smaller medical devices for patient treatment and monitoring were strong, as were orders related to respiratory care. We took part in projects to develop ventilators at an accelerated pace and we were able to use our global supply chain expertise and flexible approach to manufacturing to support delivery in a short time frame. Our customers who build larger medical equipment, such as patient imaging and robotic surgery devices, experienced lower demand. This was due to many healthcare settings restricting access and deferring investment projects as they dealt with the pandemic.

We believe that the outlook for large medical equipment will be positive as the impact of Covid-19 on healthcare systems reduces. Governments and healthcare providers will need to prioritise investment in technologies to support screening procedures and routine operations that were delayed during the pandemic. In addition, spending on screening and treatment around the world is expected to grow, as is the provision of universal healthcare in some significant markets. Volex is well positioned, with established production facilities in the major healthcare markets, to take advantage of moves to simplify and de-risk the supply chain for the production of medical devices.

Complex Industrial Technology

Revenue for Complex Industrial Technology customers was up by 13.0% to $113.5 million (FY2020: $100.4 million). The majority of this increase was in respect of products used in data centres. Data centre customers made up 36.9% (FY2020: 30.3%) of revenue in this sector. As the world moved to remote working, relying upon cloud-based services and video conferencing, there was an increase in the utilisation of data centres. This demand was particularly strong in the first half of the year as our customers looked to stock up on critical components to prevent any shortages caused by supply chain disruption.

Our other Complex Industrial Technology customers produce a wide range of equipment and customer solutions, including building control smart metering, laser technology, vehicle telematics, telecommunications, industrial automation and robotics. Demand held up well in FY2021 considering the challenging environment for these customers, with Covid-19 creating uncertainty over investment programmes and creating supply issues for other components that are used in their products.

Revenue by market

As our business has grown it has become more interconnected. We are seeing increasing demand from our customers to manufacture in

STRATEGY IN ACTION

Batam plant expansion

During the year, we completed the construction phase of our Batam site expansion on schedule and on budget

Our Batam manufacturing site is the largest of our manufacturing facilities, employing close to 1,700 workers on the island of Batam in Indonesia.

Throughout the Covid-19 pandemic, and with its borders closed, we were able to successfully complete a major factory expansion project, multiple customer line transfers and set up a completely new wire manufacturing process. The project has added 7,344 sqm of manufacturing space, greatly increasing our ability to scale up production and offer customers tariff-free supply options. The increased space also allows for the vertical integration of Batam-based PVC and cable production.

This new Volex centre of excellence project was critical and allows us to globally compete and grow for the future with expansion into new businesses through enhanced manufacturing and automation capabilities. The immediate result of this expansion effort is greater diversification options and the reduction of competitive pressures to help fuel our projected growth in the EV, data centre, power cord, and wire and cable businesses. This will also enable faster sample and pilot run turnaround time to quickly support new business opportunities.

It is especially notable that throughout the expansion process there were no shutdowns due to the Covid-19 pandemic. This was a remarkable achievement based on the planning, strength and dedication of our Steering Committee, project team and all of the internal and external stakeholders involved in the project.

We look forward to the contributions the newly expanded Batam site will add throughout FY2022 and beyond.

Link to Strategy

People

Investment and Acquisition

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Performance Review


All of our products are checked to rigorous quality and performance requirements

13,200 sqm
Floor space in our expanded Batam facility

13.8%
Operating costs as a percentage of revenue

160bps
Improvement in underlying operating margin

multiple locations to reduce the risk of supply chain disruption if a particular country introduces restrictions. We are responding to this by developing versatility in our sites so we can meet a variety of customer requirements. At the same time, the way we manage the business is evolving as we introduce a regional focus to continue our drive to offer exceptional customer service. As part of these changes, we have revised the way that we analyse our customer revenue, with categorisation by customer and geographically by region. The regional allocation is based on where the customer relationship is held, reflecting the fact that we are a customer-centric organisation.

North America
North America is our largest customer segment and we work with some of the largest technology companies and global innovators. North America makes up 45.8% of overall revenue (FY2020: 46.2%). Revenue grew by 19.5% to $203.1 million (FY2020: $169.9 million). This includes some of the strong growth that we experienced with our electric vehicle customers.

Europe
Revenues in Europe grew by 19.1% to $106.5 million (FY2020: $89.5 million). with higher sales of data centre products and respiratory care medical devices. Europe also benefited from increased demand in electric vehicles as well as $9.2 million of revenue from DE-KA.

Asia
Asia revenues were $133.7 million (FY2020 $132.0 million). The majority of sales in this region are in consumer electricals. Demand in the first half of the year was impacted by our customers who closed their factories for short periods due to Covid-19. Demand recovered in the second half of the year.

Operating costs
Underlying operating costs increased by $2.0 million to $61.0 million (FY2020: $59.0 million). The increase reflects an investment in strengthening our team to support growth opportunities, with new appointments in sales and marketing roles. We were able to make savings in travel costs of over $1m. It is likely that travel will remain at low levels in FY2022. As part of the expansion of our facility in Batam and the relocation of our facility in Suzhou, we incurred some certification and start-up costs. There will be further costs of a similar nature in FY2022 as we expand the capabilities and capacity of these sites. We also increased our spending on research and development, focused on areas where we have a strong opportunity to deliver revenue growth in future periods. Our investment in development activities in previous years has resulted in a small number of patents which are now responsible for incremental sales opportunities.

We were able to achieve this result without making use of the UK Government funded Coronavirus Job Retention Scheme. Although we have seen reductions in demand at some of our sites, particularly those with predominantly medical customers, we have avoided making any redundancies as a result of Covid-19. We have developed and trained a skilled workforce in our factories and it was important for us to retain key people even where order volumes have slowed. This gives us the ability to respond rapidly to customer requirements as demand returns.

Operating margins

Underlying operating margins increased to 9.7% from 8.1% the previous year. There were a number of factors that supported the improvement. We continue to focus on efficiency and optimising production at our sites. There were significant movements in foreign exchange rates and commodity prices during the year as markets reacted to changing assumptions around the impact of Covid-19 and the effect on demand. Robust controls over operating expenditure and temporary employment tax reductions in Asia have also improved operating margins.

Investing in our business

Our manufacturing site in Batam, Indonesia is one of the most versatile in the Group and it is an important element of our presence in Asia. With ongoing tariffs for goods manufactured in China entering the US, Batam offers an extremely competitive manufacturing location. In addition to the impact of tariffs, many of our customers are asking for their products to be produced in multiple locations to enhance the security and continuity of their supply chain. In FY2020 we created additional capacity in Batam to produce high-speed data centre cables for US customers. With revenues continuing to grow, we completed the construction of a factory extension in FY2021, delivering significant additional capacity. This will give us further flexibility and allow us to meet increased customer demand and maintain our cost competitiveness.

We also relocated our operations in Suzhou, China to a new facility in FY2021. As the Suzhou site had developed, the existing building was no longer meeting our needs. Local enterprise incentives were available to fund the move and provide a very competitive lease on the new building. Our team at Suzhou contains a number of specialist roles that support our operations in the rest of the Group, including engineers, product design experts and procurement specialists. The new building creates a better environment suited to collaboration and cross-functional working. In FY2022 we plan to increase our research and development activities at this site, recruiting additional specialists to drive our product development programmes.

Delivering our strategy

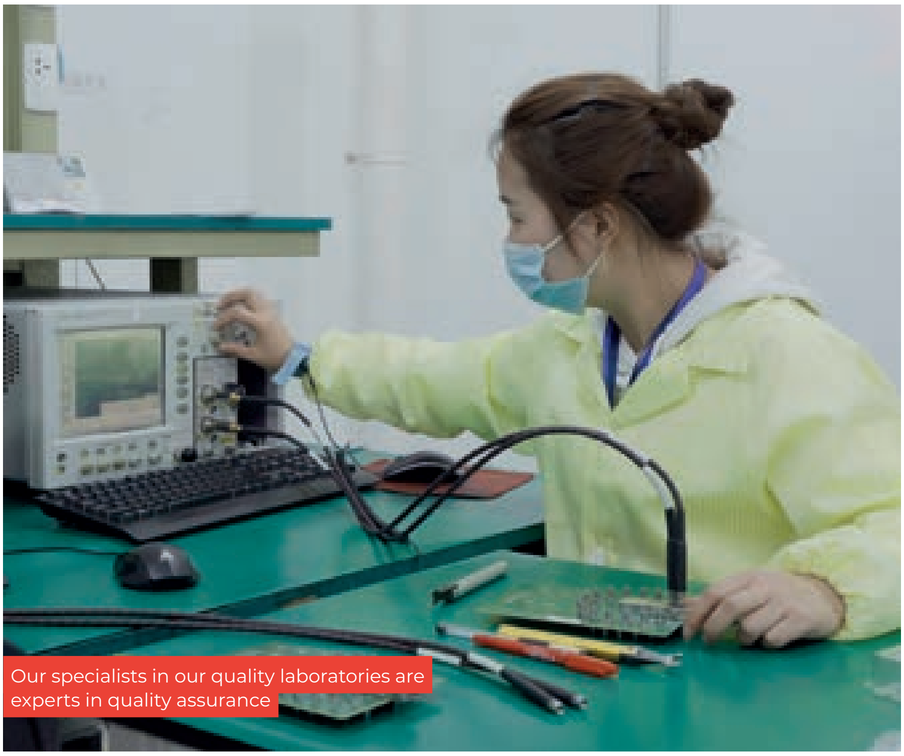
Our approach continues to be the development of the right products and capabilities to be the manufacturing partner of choice for our customers. We have to demonstrate that we are delivering value and providing exceptional quality and excellent customer service. To meet these high standards, we keep our manufacturing facilities under review, identifying ways to improve processes which will increase efficiency and improve quality. This can involve looking at the configuration of a production line or introducing new equipment. Where it makes sense, we pursue vertical integration, giving us greater control over the supply chain and increasing margins. As well as the major projects in Batam and Suzhou, we have introduced new equipment and processes into our other factories to improve our cycle times.

Delivering excellent customer service takes great people. We have successfully brought new people into the organisation in addition to creating development opportunities for our existing employees. We have rolled out a global performance management framework to ensure our managers have meaningful objectives and receive regular feedback. Effective communication is important and we use a variety of channels to drive employee engagement. We also introduced a site excellence award this year as a way of recognising exceptional performance and teamwork at our sites.

As well as delivering a significant acquisition with the completion of the purchase of DE-KA, we have been working on opportunities within our acquisition pipeline. This activity can involve assessing businesses that are going through a sales process, or building relationships with organisations that show strategic alignment but are not ready for sale at this time.

Sustainability

Carrying out our business in a sustainable way is important to us. It is also important to our customers, employees, the communities we operate in and our shareholders. When designing our new buildings in Suzhou and Batam, we took environmental issues into consideration to deliver energy efficient working spaces. This year we have introduced sustainability as a specific area of focus for one of our Board Committees, ensuring that the topic gets appropriate attention. We are putting in place new systems to capture data across our sites so we can identify and prioritise areas of improvement and set targets for each location to manage our environmental impact.



Our specialists in our quality laboratories are experts in quality assurance

Performance and Financial Review
Financial Review

'We have delivered revenue growth and improved profitability in what has been a challenging year in manufacturing. I am delighted by the strong performance we have delivered as a team.'

Jon Boaden
Chief Financial Officer

Financial Highlights	52 weeks to 4 April 2021	Year-on-year change	53 weeks to 5 April 2020
Revenue	**$443.3m**	13.3%	$391.4m
Underlying* operating profit	**$42.9m**	35.8%	$31.6m
Statutory operating profit	**$30.7m**	79.5%	$17.1m
Underlying* profit before tax	**$41.6m**	36.8%	$30.4m
Statutory profit before tax	**$29.4m**	84.9%	$15.9m
Statutory profit after tax	**$38.9m**	164.6%	$14.7m
Basic earnings per share	**25.5c**	157.6%	9.9c
Underlying* diluted earnings per share	**30.0c**	73.4%	17.3c
Net debt/(cash) (note 26)	**$27.3m**		($21.2m)
Net debt/(cash)(excluding lease liabilities)	**$7.2m**		($31.6m)

* Before adjusting items and share-based payment charge (see note 4 for more details)

Statutory results

Revenue grew 13.3% to $443.3 million (FY2020: $391.4 million). Statutory operating profit increased by $13.6 million to $30.7 million (FY2020: $17.1 million) which is an increase of 79.5% compared to the prior year. Net finance costs were $2.1 million (FY2020: $1.2 million), resulting in a profit before tax of $29.4 million (FY2020: $15.9 million) representing a year-on-year increase of 84.9%. Due to the recognition of deferred tax assets, there was a tax credit for the year of $9.5 million (FY2020: a tax charge of $1.2 million). Basic earnings per share were 25.5 cents (FY2020: 9.9 cents), an increase of 157.6%. The recognition of deferred tax assets accounted for 8.9 cents (FY2020: 5.8 cents) of the total basic earnings per share.

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

The improvement in revenue was driven by growth in sales to electric vehicle customers as well as strong performance from Complex Industrial Technology customers, particularly those customers who are involved in data centres. Revenue from medical customers fell slightly due to the challenges some of our customers had deploying new equipment in hospitals during the Covid-19 pandemic.

From a regional perspective, North America demonstrated the highest growth with an increase of 19.5% to $203.1 million (FY2020: $169.9 million). The majority of the increase came from electric vehicle customers. European revenues increased by 19.1% to $106.5 million (FY2020: $89.5 million). This included the revenue for our first six weeks of ownership of DE-KA which contributed $9.2 million of revenue).

In Asia, revenue was broadly flat at $133.7 million (FY2020: $132.0 million) with some variations across several consumer electronics customers.

Gross margin

Gross margin increased very slightly to 23.4% (FY2020: 23.1%). Margin gains due to efficiency savings and production improvement programmes were offset by a change in product mix due to higher volumes of sales for lower margin products in the consumer electricals and electric vehicles sectors. The majority of contracts with customers who buy power cords, where copper is a significant component, contain provisions to pass on changes in the copper commodity cost. For some contracts, this mechanism is not immediate and there is a delay between the change in the commodity price and the change in the customer pricing. There was a benefit to margin from this in the first half of the year which was offset as copper prices increased in the second half of the year.

Underlying operating expenses

Underlying operating expenses increased slightly to $61.0 million (FY2020: $59.0 million). The increase reflects the additional investment we made in specialist sales and marketing roles and costs associated with the site move in Suzhou and the new facility in Batam. There were some savings during the year from lower travel expenses as well as lower employment taxes in some of the Asian countries we operate in.

As a percentage of revenue, underlying operating expenses improved to 13.8%, from 15.1% in the previous year, demonstrating our ability to grow our business without significant increases in operating expenditure.

Underlying operating margin

Our underlying operating margin improved to 9.7% from 8.1% in the previous year. There are a number of factors behind the improvement. We continue to see the benefits from the targeted automation and vertical integration in our China factories. With the global impact of Covid-19 apparent at the beginning of the year, we implemented strict controls over discretionary expenditure and any incremental recruitment. This meant that some development projects were delayed until the second half of the year, resulting in savings in operating costs.

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 the associated tax.

Costs of $0.4 million (FY2020: $0.2 million) were incurred in connection with the acquisition of DE-KA. 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 has decreased to $5.2 million (FY2020: $5.7 million) including the impact of the acquisition of DE-KA which completed in February. 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 one year, so the level of amortisation is higher in the first year 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.

Share-based payments include awards made to incentivise senior management as well as awards granted to the senior management of acquired companies. These awards form an important part of the negotiation of consideration in an acquisition situation and 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.

The charge recognised through the income statement for share-based payment awards comprises $2.4 million (FY2020: $2.4 million) in respect of senior management, $2.6 million (FY2020: $5.6 million) in respect of acquisitions and $1.6 million (FY2020: $0.7 million) for associated payroll taxes.

Net finance costs

For much of the period, the Group has been in a net cash position and the revolving credit facility has been undrawn until February when $32.7 million was utilised to support the acquisition of DE-KA. Finance costs include a commitment fee in respect of the revolving credit facility and the amortisation of the arrangement fees. The financing element for leases for the year was $0.7 million (FY2020: $0.6 million). The Group recognises interest income in relation to accrued interest receivable on the 10% preference shares issued by Kepler SignalTek, which is accounted for as an associate. Overall net financing costs have increased to $2.1 million (FY2020: $1.2 million).

Foreign exchange

Most sales are in US dollars, with limited sales in other currencies, including euros and British pounds sterling. Most purchases of raw materials are denominated in US dollars but costs such as rent, utilities and salaries are paid in local currencies. This creates some exposure to movements in foreign exchange, some of which is hedged. Foreign exchange losses recognised in the income statement for the period were $1.3 million (FY2020: gains of $0.4 million).

Tax

The Group incurred a tax credit of $9.5 million (FY2020: tax charge $1.2 million), representing an effective tax rate (ETR) of -32.4% (FY2020: 7.2%). The underlying tax credit of $7.2 million (FY2020: tax charge $3.5 million) represents an ETR of -17.5% (FY2020: 11.4%).

The underlying tax credit of $7.2 million (FY2020: tax charge $3.5 million) comprises an underlying current tax charge of $3.7 million (FY2020: $7.7 million) and an underlying deferred tax credit of $10.9 million (FY2020: credit of $4.2 million).

The underlying current tax charge is calculated by reference to the taxable profits in each individual entity and the local statutory tax rates. Where tax losses are available, these have been used to the fullest extent possible to extinguish the taxable profit.

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

Performance and Financial Review

Financial Review

$31.3m
Free cash flow

$42.2m
Cash expenditure on acquisitions

3.3 pence
Full year dividends per share

4 April 2021, the Group has net current tax liabilities of $6.7 million (FY2020: $6.2 million) which include $7.9 million (FY2020: $7.9 million) of provisions for tax uncertainties.

A deferred tax credit of $10.8 million (FY2020: $5.1 million) arose due to an increase in deferred tax asset recognised on trading losses and short-term timing differences due to the utilisation based on the future forecast taxable profits in certain regions. At the reporting date, the Group has recognised a deferred tax asset of $22.0 million (FY2020: $9.0 million) of which $8.6 million (FY2020: $4.5 million) relates to tax losses, $7.2 million (FY2020: $2.7 million) to short term timing differences, $5.6 million to share based payments (FY2020: $1.2 million), and $0.6 million (FY2020: $0.6 million) to accelerated tax depreciation.

Cash flow

Cash flow in FY2021 has been robust, supported by the strong operating profit and tight control over working capital. Operating cash flow before movements in working capital has increased by $12.4 million to $50.1 million (FY2020: $37.7 million). There was an adverse working capital movement of $7.6 million, which compares to a favourable movement of $19.6 million in FY2020. The inflow comprises:

- An increase in inventory leading to a cash outflow of $12.2 million (FY2020: outflow of $2.9 million). Towards the end of the year, we experienced the effect of global restrictions in sea freight capacity which meant shipments from Asia to Europe and North America are taking significantly longer, leading to higher levels of goods in transit. In addition, some of our customers are asking us to hold more inventory in customer hubs in response to the extended shipping times;
- An increase in receivables leading to a cash outflow of $17.0 million (FY2020: inflow of $20.5 million). The increase in receivables is partially due to a very strong final quarter for consumer electricals customers who generally have longer credit terms than other customers; and
- An inflow related to payables of $21.6 million (FY2020: inflow of $2.0 million). This was a result of the level of trading in the final quarter of the year.

Net financing inflows were $14.5 million (FY2020: outflows $10.5 million). This included the FY2021 interim and FY2020 final dividend payments of $6.0 million (FY2020: $2.0 million) and the drawing of the RCF to fund the acquisition of DE-KA. As part of the extension and enhancement of the Group's revolving credit facility, legal costs and arrangement fees of $1.1 million (FY2020: $0.7 million) were incurred during the year. These amounts will be spread over the three years of the RCF in the income statement.

Capital expenditure increased to $7.8 million from $5.0 million in FY2020. During the year, the Group has continued to invest in automation to deliver efficiency in our higher volume factories. The construction for the site expansion in Batam represented $3.4 million of investment during the year.

Free cash flow decreased by $16.1 million to $31.3 million (FY2020: $47.4 million). Free cash flow represents net cash flows before financing activities excluding the net outflow from the acquisition of subsidiaries. In FY2020 there was a significant improvement of $19.6 million in working capital relating to the trading conditions at the end of the year and the timing of the year end. In FY2021 there was a working capital outflow of $7.6 million. The impact of the change in the movements in working capital is partially offset by higher operating profit in FY2021.

Total cash expenditure on acquisitions (net of cash acquired) was $42.2 million (FY2020: $25.6 million), including $1.3 million (FY2020: $2.9 million) in respect of contingent consideration. The Group is expecting to make payments of $19.7 million in FY2022 in relation to contingent consideration for acquisitions made in FY2021 and previous years.

The cash outflow associated with the settlement of awards under share-based payment arrangements was $9.0 million (FY2020: $4.6 million), including the purchase of shares to be held in trust to fulfil exercises in future periods.

Net debt and dividends

The Group was in a net cash position for much of the year, drawing down on the revolving credit facility in February to fund the acquisition of DE-KA. At the end of FY2021 the debt position was $7.2 million before lease liabilities and $27.3 million including lease liabilities. At the end of FY2020, net cash stood at $31.6 million excluding lease liabilities and $21.2 million including lease liabilities.

The Group paid an interim dividend of 1.1 pence per share in December 2020. A final dividend of 2.2 pence per share will be recommended to shareholders at the Annual General Meeting, which reflects the robust financial position of the Group.

Banking facilities, going concern and covenants

The Group entered into a new $100 million multi-currency revolving credit facility in FY2021, replacing a $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 $70 million committed facility with a $30 million accordion feature and was 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 previous credit facility which provides greater flexibility to undertake future acquisitions. This facility provides additional headroom and further scope to make value-accretive investments to grow our business.

This facility is provided by a syndicate of three banks. A total of $21.5 million and €9.5 million were drawn at the end of the period.

The key terms of the facility are:

- Available until 12 November 2023 with the option to extend for a further year;
- No scheduled amortisation; and
- Interest cover and total debt to EBITDA leverage covenants.

As at 4 April 2020, drawings under the facility were $32.7 million (FY2020: undrawn) with $nil drawn under the cash pool (FY2020: $nil). After accounting for guarantees and letters of credit and before taking into account the accordion facility, which was not activated at the year end, debt available for draw down at 4 April 2021 was $37.3 million (FY2020: $29.7 million).

Under the terms of the facility, the two covenant tests above must be performed at each quarter-end date. Throughout FY2021 all covenants were met.

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 Group cash flow forecast for the period to 30 September 2022, which is based on the FY2022 Board-approved budget. The Directors have sensitised the cash flow forecast using scenarios that take into account the principal risks and uncertainties set out on pages 36 to 40 of the Annual Report and the potential future impact from Covid-19. This sensitivity analysis includes a severe but plausible downside scenario which models a 10% reduction in revenue on the Group's base case.

Based on their assessment and these sensitivity scenarios, the Directors are satisfied that 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.

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 40 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 4 April 2021, a financial asset of $0.1 million (FY2020: financial liability of $0.3 million) has been recognised in respect of the fair value of open copper contracts with a corresponding $0.1 million credit recognised in reserves. 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 FY2021 (FY2020: 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.

Defined benefit pension schemes

The Group's net pension deficit under IAS 19 as at 4 April 2021 was $5.2 million (FY2020: $3.5 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 and the majority of the increase at the year end is due to the movement in the respective exchange rates. The retirement benefit obligation also increased by $1.2m as a result of the acquisition of DE-KA where there is an unfunded scheme where a lump sum is payable on retirement.

Jon Boaden
Chief Financial Officer

17 June 2021

Group Risk Management

Risk governance

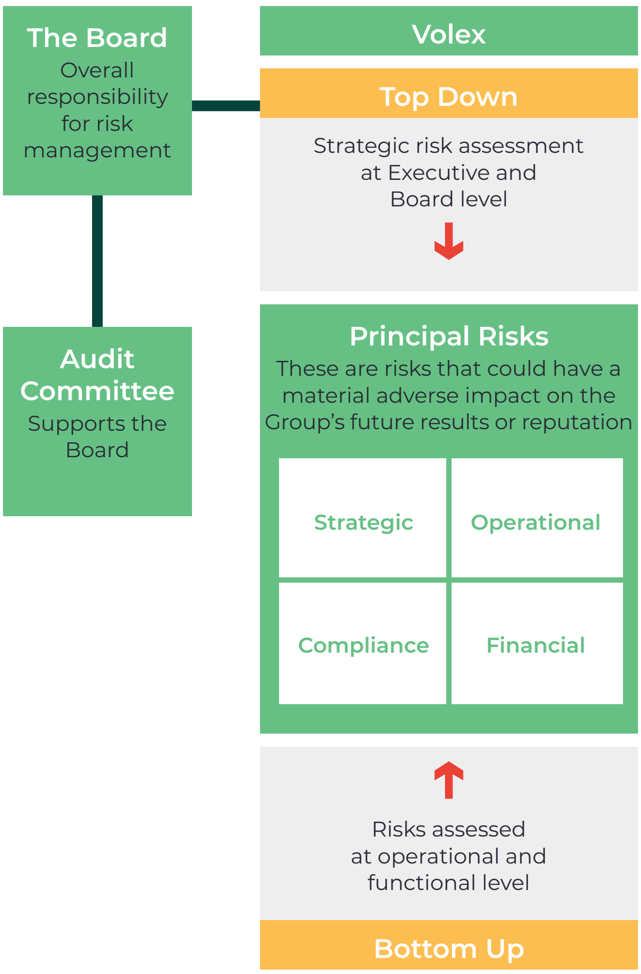
Under the QCA Code, the Board is expected 'to ensure that the company's risk management framework identifies and assesses all relevant risks in order to execute and deliver strategy', including the need to determine 'the extent of exposure to the identified risks that the company is able to bear and 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 the management of the impact of Covid-19 on our operations. This involved managing the potential impacts of the pandemic on production operations and staff, on supply chains and on the Group's customers. By recognising the challenges on our business from Covid-19 early, and responding to these proactively before the virus had reached many of our global locations, we were able to avoid any significant lost production time. With a diverse and resilient business with a strong balance sheet, the Group is in a good position both to manage and mitigate the continuing disruption caused by the virus. The accompanying case study on page 49 sets out how Volex has managed its immediate response to the outbreak and consequent government-imposed restrictions to protect both its staff and its business, as well as the efforts the Group has made to assist in the fight against Covid-19.

Risk management process

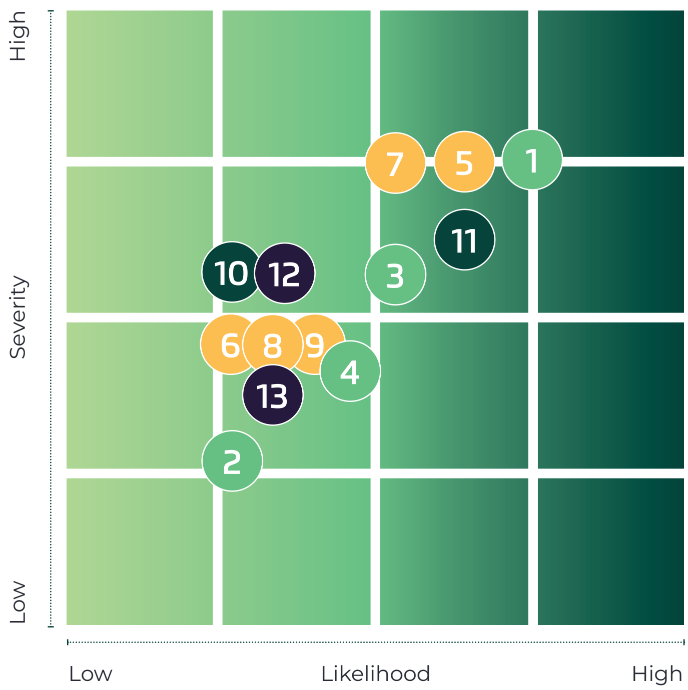
The risk management process gives the Board assurance that risk management and related control systems in place are effective. During the year this comprised two key elements which are supported by other activities within our risk management framework:

- An ongoing process of assessment and review of individual Volex 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.



Risk Heat Map

The diagram below illustrates the relative positioning of our risks in terms of impact and likelihood, and the level of management focus on each.



1 Global Economic Conditions
2 Acquisition Integration
3 Market Competition
4 Customer Concentration
5 Supply Chain
6 Staffing and HR
7 IT & Cybersecurity
8 Product Quality
9 Technological Change
10 Access to Finance
11 Commodity Prices & FX Rates
12 Regulatory Compliance
13 Financial Controls

Key: Strategic Operational Financial Compliance

Emerging risks

As part of the overall risk assessment process, a review is conducted to identify areas of uncertainty that do not currently present a significant risk but which have the potential to adversely impact the Group in the future. These emerging risks will be monitored so that any potential impact can be understood and managed.

This process identified an emerging risk related to the increased scrutiny of environmental considerations, including use of energy, natural resources and the environmental impact of our products and packaging. This risk will be monitored by the Board's Safety, Environmental and Sustainability Committee.

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
1 Strategic – Global Economic Conditions			
The global economy is emerging from a pandemic-induced recession. There is a range of potential medium and long-term outcomes from this recovery and there remains a great deal of uncertainty about the prevailing economic conditions.	Covid-19 has had a limited financial impact on FY2021 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. 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.	Up Trend	Operational Excellence
2 Strategic – Acquisition Integration			
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.	The Group continues to focus on sequential acquisitions that add value and cash generation from day one, with an effective earn-out model to encourage success and senior staff retention in the acquired businesses. 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.	No Change	Investment and Acquisition
3 Strategic – Market Competition			
The Group operates in highly competitive markets and faces competition from rivals operating with lower costs and overheads, especially in the power cords market.	Volex 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 seeking greater vertical integration to stay competitive. More complex Volex products often not only require specialised engineering knowledge but are subject to stringent regulatory approval, making supplier churn for customers more difficult. Volex is continually looking to keep its high-speed product offering up to date.	No Change	Product Development
4 Strategic – Customer Concentration			
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, Volex has in recent years pursued a successful diversification strategy and seen the growth of smaller accounts that have lessened this risk. Individual production sites and other entities may be susceptible to reliance on individual customers.	No Change	Customer Focus

Key: Up Trend Down Trend No Change Customer Focus Product Development People Investment and Acquisition Operational Excellence

Operational risks

Risk and Possible Impact	Risk Mitigation Activities	Trend	Link to Strategy
5 Operational – Supply Chain			
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 key electronic components that our customers may use and global logistics routes are experiencing some disruption.	Volex will need to continue pursuing its current strategy of increased vertical integration and supplier diversification. The likelihood of disruption caused by component shortages and limitations from global transport capacity has increased. 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 on-going disruption caused by Covid-19, individual sites and entities are taking steps to secure sufficient stock, including from alternative sources, where possible.	↑	
6 Operational – Staffing and People			
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.	A new 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 high churn rates of staff in some production sites. The global HR team is focusing on staff engagement and improving employee satisfaction across the Group as well as into succession planning for more senior positions.	↓	
7 Operational – IT and Cybersecurity			
With a computer usage base of an estimated 1,500–2,000 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.	→	
8 Operational – Product Quality			
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.	→	
9 Operational – Technological Change			
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.	→	

Group Risk Management

Financial risks

Risk and Possible Impact	Risk Mitigation Activities	Trend	Link to Strategy
10 Financial – Access to Finance			
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 and a $70 million revolving credit facility. The Group ended the year with low levels of leverage. The Group considers the impact of any significant transactions when undertaking short-term and long-term cash flow forecasting.	No Change	Investment and Acquisition
11 Financial – Commodity Prices and FX Rates			
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.	Up Trend	Operational Excellence

Compliance risks

Risk and Possible Impact	Risk Mitigation Activities	Trend	Link to Strategy
12 Compliance – Regulatory Compliance			
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.	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. 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.	No Change	Product Development
13 Compliance – Financial Controls			
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.	The Group has reviewed its arrangements in relation to internal audit during the year with the support of specialist consultants. A roadmap to further develop internal audit has been agreed with the Audit Committee and is in the process of being implemented. Central and regional head offices exercise ongoing review and assessment of individual Volex operations. Annual participation in the Volex Group Anti-Bribery e-learning course is mandatory for all relevant staff. Internal authorisation processes are reviewed periodically to ensure that they remain relevant and effective.	Down Trend	Operational Excellence

Key: Up Trend Down Trend No Change Customer Focus Product Development People Investment and Acquisition Operational Excellence

'Our strategy from the beginning was to prevent workplace transmission of this virus and all sites worked to common standards.'

Alan Taylor
Group HR Director

STRATEGY IN ACTION

Covid-19: Volex Response

Introduction

As we commenced our financial year, the effects of the Covid-19 pandemic were already being felt across our business. The disruption had started in China after the Chinese New Year holiday in 2020 and our management teams responded quickly to stabilise production and manage labour shortages, and were looking at ways to secure our plants and the safety and health of our workforce.

With a global business, and with the signs that the virus was spreading across the world, we chose to apply the same health prevention standards at all sites worldwide. Although local governments moved at very different speeds, our decision to adopt these global standards enabled all of our sites to remain open throughout as the pandemic spread and the global economy was increasingly impacted. With our global supply chain expertise we were able to ensure the supply of masks and other protective equipment, where it was needed, to all of our plants around the world.

The human impact

It is with great sadness we confirm the loss of one of our employees, Ján Chovstik, who passed away in early March 2021 having contracted Covid-19. Ján was part of our Komárno team in Slovakia. His loss deeply shook the whole Company as until that point we had not suffered any fatalities across our global workforce. A number of our colleagues across the Group have lost family and friends to the virus and there have also been several cases of colleagues who have been unable to travel home because of the travel restrictions to attend funerals and to support their families in their time of need. To date we have had 163 positive cases reported across our 17 factories. The greatest rates of infection have been in Turkey, Poland and Mexico.

Not only have we had to deal with the loss of life from this pandemic, our employees have also had to endure sustained disruption to their working conditions, repeated testing and health screenings, workplace cleaning and disinfectant regimes and regular periods of self-isolation or quarantine when colleagues have tested positive. For colleagues in office areas, they have also had to endure a range of disruptive measures from the isolation of home working to the disruption of different working rotas deployed to reduce office population density. For employees with young children, they have had the additional challenge of sustaining home schooling while also continuing with their daily duties. We consider ourselves fortunate to have been able to sustain employment for all of our workforce throughout the pandemic.

Manufacturing expertise and community assistance

As a business with many customers in the medical sector we have been working extremely closely with those customers to arrange rapid turnaround of the development, manufacture and supply of critical cable assemblies and other products to meet the urgent medical needs in many countries around the world, including parts for ventilator production.

Our teams have also been proactive in supporting health services in their communities – for example, our production site in Poland used its 3D printers to create face visors for use by staff in the local hospital, while our UK subsidiary GTK donated hundreds of high grade masks from its stocks to a UK home care provider in southeast England which was running short for its own staff.

Looking to the future

As we start a new financial year, the effects of this pandemic are still being felt across the business. Fortunately, we see vaccination programmes gaining traction in all of those countries where we have operations and the numbers of fully vaccinated colleagues across the workforce is starting to rise. However, with the emergence of new variants we recognise that this is not yet over and we will maintain our caution and diligence on our health prevention measures across all of our factories until such time that we have the majority of our workforce and the local communities vaccinated.

Section 172 Statement

Workforce briefings on Covid safety
Batam, Indonesia

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 to 21 and in the Chief Operating Officer's Q&A on pages 24 and 25.

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 effects of a 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 areas. 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 'People' section of the Sustainability Report on pages 44 and 48. The Safety, Environmental and Sustainability Committee Report can be found on pages 68 and 69.

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 and 21, the Chief Operating Officer's Q&A on pages 24 and 25, and the Performance and Financial Review on pages 26 to 35.

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 44 to 48. The Company maintained regular monitoring and reporting of its energy use and carbon emissions even when that was not compulsory for AIM listed companies. This year, the Board has expanded the scope of the Health & Safety Committee to also cover sustainability. 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 44 to 48, and in the account of its response to Covid-19 on page 41.

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. 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 44 to 48 and in the Corporate Governance Report on pages 56 to 61.

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 AGM. Smaller shareholders are often the most regular attendees and active in questioning the Board at the AGM.

Working to get our workforce vaccinated
Henggang, China

Sustainability

‘Our primary focus in the past year has been on ensuring that all of our workers are safe while at work and preventing any Covid infections from happening in the workplace.’

Alan Taylor
Group HR Director

The Volex Board is committed to the Group having a positive impact on the environment and society and to taking seriously the needs of all stakeholders and not just its shareholders. The Board is responsible for developing and managing the Group’s strategy on matters including health and safety, diversity, compliance with ethical trading practices, conflict minerals, and modern slavery and human trafficking. The Group’s Code of Business Conduct and the range of more detailed internal policies that sit under it set out clear ethical values, which the Board expects all Group companies and all staff to adhere to. All senior staff are expected each year, on behalf of their business units or areas of responsibility, to sign a certificate confirming their compliance with key internal Volex policies.

Our people

The commitment, enthusiasm and skill of the people who work for Volex are critical if the Group is to continue its successful transformation. During this past year our prime focus has been on ensuring the safety and health of all employees during the Covid-19 pandemic. Given the nature of our business, all of our factories have remained open throughout and this has created many challenges for our teams. While many of our non-factory based colleagues are home-based and did not experience a significant disruption from the global ‘shift to home working’ that emerged as a response to the pandemic, we did still have to introduce working from home protocols and reduce employee density in many of our offices at both factory and regional locations. As the pandemic has continued, these challenges have continued to persist and fluctuate. For more on our commitment to our people, please see pages 48 and 49.

Equality and human rights

Volex is committed to generating benefits for all its stakeholders while ensuring that it does not infringe the human rights of others. We recognise that our employees are crucial to the ongoing success of the business and to how the Company is regarded by the wider market, and believe that all employees should be treated equally, fairly and with respect. One of the great strengths of Volex is our decentralised leadership and management organisation which ensures that we have senior leadership in every region with the majority of management located at a plant.

Modern slavery

Modern slavery is a fundamental violation of human rights. It takes various forms, all of which seek to deprive a person of their liberty for another’s commercial or personal gain. Volex has a zero-tolerance approach to any form of modern slavery and is committed to ensuring there is no modern slavery or human trafficking in any part of its supply chains, or its own business. As required by UK law, we also publish a Modern Slavery Transparency Statement, which is made available on our website. We expect the same high standards from all of our contractors, suppliers and other business partners.

Diversity

Volex's success is reflected in our diverse global workforce and we currently have employees in 21 countries. To maintain our competitive edge, we believe it is important to maintain diversity in gender, ethnicity, age, thinking and background. Our leadership and management team is distributed across the world; however, of our top 50 leaders, only 26% are female (28% in FY2020). With the appointment of Amelia Murillo to our Board during FY2021 this has raised our Board's gender diversity to 16%. We recognise that both the diversity of our executive management team and our Board remains imbalanced when it comes to gender and this is something we remain committed to improving.

Health and safety

Volex maintains stringent safety practices and implements industry best practice across the Group. Each manufacturing site conducts a programme of training, emergency evacuation drills and simulations, risk assessments and regular management reviews to identify safety risks and ensure compliance with industry best practice. All sites comply with local laws and regulations relating to health and safety, and 25% of our sites have ISO 45001 or an equivalent accreditation. Many of our sites were able to continue to deliver medicals and health checks for their employees despite the restrictions arising from the pandemic. Although social distancing requirements prevented mass gatherings during the year at our sites around the world, we continued to celebrate their local holidays and festivals and key world events such as International Women's Day.

TCFD Reporting

The Company is listed on the Alternative Investment Market and therefore is using the TCFD framework to inform our activities as we work to develop a long term strategy for environmental, social and governance related performance indicators. It is important that our stakeholders understand how climate related risks impact on our business and we anticipate providing enhanced sustainability related disclosures in next year's annual report.

GOVERNANCE

The Board has established a Safety, Environment and Sustainability Committee to guide the business's governance on climate-related risks and opportunities.

a. The Board receives quarterly updates on a range of sustainability performance indicators.
b. The management team conducts an annual review of material risks and going forward this will include environmental and climate related factors.

The Board has approved the management's proposals to develop an evidence-based long term roadmap for sustainability during the coming year. This will include conducting a materiality analysis and the Group-wide implementation of a sustainability data management system to enable consistent and timely reporting of sustainability data from all of the Group's operating locations.

STRATEGY

As a Company with operations located globally the potential impact from climate-related risks is significant.

a. The rapid decarbonisation of the automotive industry creates significant opportunities for our customers.
b. The increasing use of electrical energy by both consumers and industry creates strategic opportunities for our products and capabilities.
c. The potential for organisational and supply chain disruption caused by climate-related events remains a concern; however, with operational capabilities around the world and a decentralised leadership team we consider ourselves to have some resilience in this area.

Our strategy remains to expand our global manufacturing footprint to provide resilient support to our customers. By ensuring continuity of operations and flexible production facilities we can respond in case of any disruptive events.

RISK MANAGEMENT

The Company conducts an annual review of material risks by engaging a significant number of key managers in a formal risk assessment activity.

a. An annual dialogue with key managers from across the Group to conduct a formal review of material risks.
b. Risks are quantified and reported into the Board via the Audit Committee.
c. Significant environmental and sustainability related risks will be included in this formal risk assessment process.

Sustainability and environmental, social and governance related indicators are an important source of information for the Board and the management team.

METRICS AND TARGETS

Our primary sustainability indicators focus on our greenhouse gas emissions.

a. We analyse our energy consumption data across Scope 1, Scope 2 and Scope 3 indicators
b. We disclose our Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, see page 47.
c. We are developing a long term data-based roadmap for our sustainability performance and this will include a broader range of metrics and improvement targets.
d. Other indicators include safety and accident rates as well as monitoring levels of absence and employee turnover.

Sustainability

NAVIGATING THE UNCERTAINTY OF COVID-19

The Covid-19 pandemic has caused immense disruption and hardship to our colleagues, friends and families all over the world.

Our response has been multifaceted - we have focused on maintaining our operations and keeping our employees in work throughout the period. This has provided our employees with stability of earnings and a clear focus. Given the products we make, our customers have been at times desperate for support as the world has responded to the urgent need for specialist medical equipment.

As the year continued every employee has become familiar with limited social interaction, wearing face masks, having temperature checks and seeing regular disinfection activities as we have worked tirelessly to prevent in-workplace transmission.

Read more about our **response to Covid-19 on page 41**

During this year our primary focus was on the containment of the risks from the Covid-19 pandemic and there is more detail on our experiences from the pandemic on page 41.

We have prioritised our safety improvement efforts to improve the safety of our machinery. 'Contact with moving machinery' is historically the primary cause (39%) of lost time accidents across the business. We have worked alongside safety specialists TUV to conduct a workshop-based diagnostic audit of critical machinery in our Zhongshan and Henggang plants. These workshops have helped us to identify a number of improvement ideas and the lessons learned have been cascaded across the Group. During the year we have checked every site to identify a specific type of machinery that had been involved in two very similar lost time accidents in the first half of the year. This audit resulted in a substantial number of machines needing corrective actions. These have now been completed by the local sites.

We were able to complete two major projects during the year without injury or incident. The first was the successful relocation of our Suzhou facility to a new location within the city. The second project was the successful construction of a 3,000 square metre extension to our Batam plant in Indonesia.

Community involvement and charity

Volex strives to become involved in local events and activities in the areas where it has sites. For example, in Tijuana, Mexico, each year staff collect presents and food which they deliver to local care home residents over Christmas. During the year, our teams focused on supporting ventilator projects, using 3D printers to produce PPE for local hospitals and providing other pandemic-related support within our communities. Our Poland team continued their long established tradition of blood donation and also were able to provide blood plasma containing antibodies to the Covid-19 virus. Our Silcotec team in Komárno, Slovakia donated €3,000 to a local orphanage in the town of Komárno. In our Suzhou site in China the local team raised money for a charity supporting children in remote areas with colleagues donating winter clothes and boots and Volex branded school bags.

The Board has agreed in principle to make more regular payments to charities when financial performance allows. No such donations were made during the year.

Customers and suppliers

Just as Volex's customers around the world demand strict adherence to high environmental and ethical standards, we demand the same of our suppliers, requiring them to sign up to a Supplier Code of Conduct that mirrors the standards we set for ourselves. All of the traditional Volex sites and our recently acquired sites are ISO 9001 certified. Eight sites which are focused on medical equipment have ISO 13485 accreditation and the two sites focused on the aerospace sector have AS9100D accreditation. All of the certificates are displayed on our website. We aim to meet any additional requirements explicitly requested by our customers.

Conflict 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.

Our impact on the environment

We comply with all relevant statutory and regulatory requirements in the jurisdictions in which we operate. We monitor the environmental impact of our business activities and encourage employee awareness of waste reduction, recycling and responsible disposal. One of our sites has already achieved zero landfill status and nine of our manufacturing sites are ISO 14001 certified. These sites have local waste-reduction and/or pollution-prevention programmes. As we develop our roadmap for sustainability for the years ahead we have established three regional working groups covering all of our operations through which we can share best practice and contribute to the development of our sustainability ambitions. We are compliant with the provisions of EU RoHS and EU REACH, and implement stringent controls to eliminate the use of hazardous substances. Our products are free from MCCP, phthalates, lead and DINP. We also offer a range of halogen-free cables.

Streamlined Energy & Carbon Reporting (SECR)

As part of the Streamlined Energy & Carbon Reporting (SECR), Volex is required to report its energy and greenhouse gas emissions within its annual Directors' Report.

Energy and Greenhouse Gas Report

Volex appointed Carbon Footprint Ltd, a leading carbon and energy management company, to independently assess its Greenhouse Gas (GHG) emissions in accordance with the UK Government's 'Environmental Reporting Guidelines: Including Streamlined Energy and Carbon Reporting Guidance'.

The GHG emissions have been assessed following the ISO 14064-1:2018 standard and has used the 2020 emission conversion factors published by the Department for Environment, Food and Rural Affairs (Defra) and the Department for Business, Energy & Industrial Strategy (BEIS). The assessment follows the location-based approach for assessing Scope 2 emissions from electricity usage. The financial approach has been used.

CO_2e Assessed Organisation

We have upgraded our dormitory accommodation to better support colleagues who work away from home Zhongshan, China

The tables below summarise the GHG emissions for reporting year 1 April 2020 to 31 March 2021 for both Volex's global energy consumption, as well as UK only consumption.

As a business we have been assessing our GHG emissions since 2014/15, and have provided last year's assessment results for comparison.

Global emissions and energy consumption

Element	2019/20 (tCO_2e)	2020/21 (tCO_2e)
Global Direct emissions (Scope 1) – Natural gas, LPG, diesel, company car travel, vehicle fuel consumption, lorry and van travel*.	783	1,512
Global Indirect emissions from purchased electricity and district heating generation (Scope 2)	14,085	16,511
Global Scope 3: Hire car travel and grey fleet travel	58	9
Total Global tCO_2e (Scope 1, 2 and 3)	**14,926**	**18,032**
Intensity metric: Scope 1 and 2 GHG emissions per $M turnover	37.87	40.70
Total energy consumption (kWh) (Scope 1 and 2 only)	26,244,543	38,260,235
Total energy consumption (kWh) Scope 3: Hire car travel & grey fleet travel	234,704	38,182
Overall Gross Total kWh (Scope 1, 2 and 3)	**26,479,247**	**38,298,458**

*Excludes refrigerant top-up emissions.

UK only emissions and energy consumption

Element	2019/20 (tCO_2e)	2020/21 (tCO_2e)
Direct emissions (Scope 1) – Natural gas, and company car travel	17.92	18.58
Indirect emissions from purchased electricity generation (Scope 2)	37.36	30.18
Scope 3: Hire car travel and grey fleet travel	7.30	0.46
Total tCO_2e (Scope 1, 2 and 3)	**62.58**	**49.22**
Intensity metric: Scope 1 and 2 GHG emissions per $M turnover (UK energy use only)	0.16	0.11
Total energy consumption (kWh) (Scope 1 and 2 only)	228,583	229,244
Total energy consumption (kWh) Scope 3: Hire car travel, cash opt out and grey fleet travel	35,694	1,780
Overall Gross Total kWh (Scope 1, 2 and 3)	**264,277**	**231,024**

Volex's UK operations in 2020/21 accounted for 0.6% of Volex's global energy consumption and 0.27% of Volex's total associated global GHG emissions.

Total energy consumption and emissions have increased since the previous year due to both increased production and further acquisitions.

Energy Efficiency Actions

During the year a number of our sites have implemented energy efficiency measures. These include the adoption of LED lighting for our outdoor high-intensity lights on our Slovakian plant and the implementation of a structured energy audit programme in our Henggang facility in China.

All sites have a continuous focus on kaizen activities which lead to investments in production and process improvements, many of these small, incremental kaizen lead to greater production efficiencies and contribute to improvements in our energy consumption per part produced.

Sustainability

In FY2021 we:

- Prioritised the containment and prevention of Covid-19. We had no site closures during the pandemic. None of our sites have reported any cases of on-site transmission with all of the positive cases that we have experienced coming from infections that have happened outside of work.
- Achieved two major transformation projects in Suzhou and Batam without injury or incident.
- Audited 100% of our machinery against the three main issues that contributed to two of our more serious lost time accidents.
- Achieved a 16% reduction in lost time accidents compared to the previous year, with seven of our sites achieving 12 months without any accidents.
- Introduced a Safety Site Excellence Award as part of our new Group awards programme and the 2021 award was awarded to the Suzhou team.
- Completed 16 on-site safety video walks to assess and guide safety improvements at key sites.

In FY2022 we will:

- Continue our preventative measures to contain Covid-19 and take every opportunity to accelerate the adoption of vaccines within our workforce.
- Continue to strengthen health and safety and create a special focus on the broader topic of sustainability.
- Work to embed a new Group-wide performance management process for our top 210 leaders.
- Continue to expand the scope of the site management team development programme across the remaining sites.
- Review and relaunch our code of conduct and implement an enhanced whistleblowing framework across the Company.

Ensuring workforce stability

Ensuring workforce stability in some of our key sites remains a key challenge for us. In our South China locations our workforce remains less stable than we want it to be. Our focus has been to improve working conditions, including canteens and dormitories, and ensure that our pay and employee benefits remains competitive. We have strengthened induction and on-boarding for new colleagues and are working to ensure that team leaders and managers are equipped with the right skills and behaviours to lead, develop and motivate their teams.

Ensuring we create a place where people are proud to work and give their best

Our people are committed, hard-working and keen to contribute to the success of the Company. We want to empower our employees to realise their potential and work to ensure that we have the talent to meet, and exceed, our organisational ambitions for future growth. We can do this in many different ways, from celebrating success with improvements to internal communications, recognising service and contributions and from engaging them in kaizen continuous improvement activities within each of their plants, and just simply listening to their ideas and any concerns.

Diversity

Our commitment to realising the potential of our people extends to all employees. For us, it's all about merit. Anyone can, and should be able to, realise their full potential in Volex without experiencing inequality or unfairness on any grounds. The advantage of being a global business means that we naturally accept contributions from every part of the world irrespective of a person's nationality, beliefs, gender or age. Our leadership team is distributed internationally, which creates a truly global and collaborative culture within our leadership. Despite this, our track record for gender diversity within our Board, executive team and across our top 50 leaders remains imbalanced. As we work to increase our bench strength by attracting external talent and promoting internally we will pay real attention to ensuring fairness, inclusion and equity in these core people processes.

Employee voice

We are continuously working to improve communications across the business. This workstream takes many different forms, from updating and reconfiguring our intranet site, enhancing the quality and content of information shared on Yammer (accessible to 1,367 of our employees) to producing a bi-weekly management email bulletin ensuring that all of our top 80 managers are kept regularly updated with a consistent briefing on business performance, achievements and changes. We are working hard to ensure there are more effective channels for employees to speak up, whether through elected or unelected representatives. A number of sites have effective employee forums or committees that provide a structured and efficient way to engage with our shopfloor-based colleagues. We also taking steps to improve the effectiveness of our internal whistleblowing process which is called Right to Speak!.

Alan Taylor
Group HR Director
17 June 2021

The Strategic Report on pages 12 to 49 was approved by the board and signed on its behalf by

Nathaniel Rothschild
Executive Chairman

Jon Boaden
Chief Financial Officer
17 June 2021

We are committed to providing competitive canteen facilities at all of our larger factories
Batam, Indonesia

> ‘Ensuring the health, safety and well-being of our employees is of critical importance at all of our manufacturing locations.’
>
> **Alan Taylor**
> Group HR Director

STRATEGY IN ACTION

Ensuring the health, safety and well-being of our workforce

All of our sites have worked hard to ensure the continuous health and well-being of our workforce. This has been especially important during the pandemic as our colleagues have had to deal with increased pressures.

Despite the challenges of a global pandemic it has been heartening to see the efforts of each of our sites to maintain the health, safety and well-being of our workforce.

Activities completed during the year include health and well-being checks where specialist medical resources come to our sites to carry out a range of medical tests and checks to ensure our employees’ health. In Batam they also distribute vitamins to support employee health. Some sites have identified a wide range of simple, ergonomic improvements to improve the posture of our workers doing repetitive tasks.

We have continued with the health and safety training, including fire fighting practice, and have conducted a series of fire and emergency procedure simulations and these are often done in collaboration with local community emergency resources. These activities have inevitably had to be adapted to comply with social distancing measures and other Covid-related restrictions that have been mandated either by local or national government policy or through our own internal standards.

Despite the limitations on social gatherings and travel we have worked hard to ensure key religious festivals, national holidays and other global events have been marked locally.

We have continued to upgrade our dormitory accommodation in our south China sites and have worked to improve canteen and other basic facilities at key sites in order to enhance employee engagement and employee retention.

Ensuring that our workplaces are safe and healthy is our primary focus and there have been countless improvements made across the business, ranging from improved ventilation and local extraction units to the deployment of ergonomic and simple automations to improve the working positions of our colleagues. In our offices we have focused on Covid safety while delivering modern and competitive working environments.

7.0%
Average total monthly employee turnover (7 largest sites)

4.4%
Average monthly absence (7 largest sites)

0.67%
Percentage of workforce with long term sickness absence (7 largest sites)

02

Governance

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Board of Directors

Nathaniel Rothschild
Executive Chairman

N H

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:
Managerial finance experience with leading technology-focused organisations.

Dean Moore
Senior Non-Executive Director

A R

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 an independent non-executive director and Chairman of the Audit Committee at Cineworld plc and at Dignity plc. He is also acting Chairman of the Remuneration Committee at Cineworld plc.

Key areas of expertise:
Governance, risk management, mergers and acquisitions, managerial finance, strategy.

Jeffrey Jackson
Non-Executive Director

H R

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

N

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

A R

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 undertook 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's most recent experience has been with Carlisle Companies Inc., where she is currently Vice President of FP&A and Treasurer.

Key areas of expertise:
Managerial finance and HR experience within the interconnect industry.

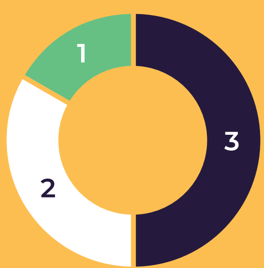
Committee Membership:

- A Audit Committee
- N Nominations Committee
- R Remuneration Committee
- H Safety, Environmental and Sustainability Committee
- ■ Chair of Committee

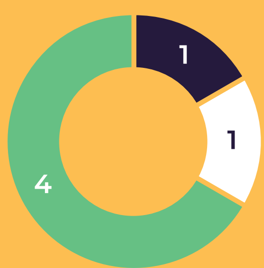
As a result of the changes to the Board, the Nominations Committee reviewed the membership of each Committee during March 2021 and the updated Committee membership shown above reflects the position at year end.

THE BOARD IN NUMBERS

Board Tenure



Executive Split



Executive Chairman's Introduction

'With the challenges of Covid-19, the Board has met by video conference. This has been highly effective and has not prevented robust discussions and effective decision-making.'

Nathaniel Rothschild
Executive Chairman

This corporate governance section of the Annual Report sets out the governance framework that we have followed during the year and provides our stakeholders with an understanding of how the Board has operated and how our corporate governance structures and processes have been applied.

The role of the Board is to promote the long-term success of the Group, taking into account the interests of our stakeholders. As Executive Chairman, I take responsibility for ensuring that Board members are clear about their responsibilities and are able to contribute fully their views and opinions in our discussions.

Maintaining our high standards of corporate governance remains a key objective for the entire leadership team, and we continue to follow the Quoted Companies Alliance Corporate Governance Code (the 'QCA Code'). We remain committed to those standards and continue to comply with the provisions of the QCA Code, with some exceptions.

We have retained the Company's executive leadership structure, including my Executive Chairman role. 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, while at the same time taking steps to broaden the composition of our Board.

Our Corporate Governance Report is set out on pages 56 to 61 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 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.

During FY2021, the Group has had to deal with significant challenges that have arisen from the Covid-19 pandemic. The Board has continued with its scheduled Board and Committee meetings which have been held remotely via video conference. This has proved to be highly effective and productive, and the use of this technology has not in any way prevented robust discussion and effective decision-making.

We have made some changes to the Board this year, allowing us to demonstrate effective succession planning and also to expand the composition of the Board so we now have four Non-Executive Directors. As announced in November 2020, Jon Boaden has replaced Daren Morris as the Chief Financial Officer as part of a succession planning process that began in 2018. Jon has already made a significant impact on our finance function since joining as Deputy CFO in April 2019 and I am sure he will make an excellent contribution to driving change and growth within Volex as a member of the Board.

In November, we also announced the appointment of Sir Peter Westmacott to the Board. This increases the Board to six members, with two Executive Directors and four independent Non-Executive Directors. In January 2021, we appointed Amelia Murillo to the Board as a Non-Executive Director, as Adrian Chamberlain stepped down having been a Director since June 2016. I am grateful to Adrian for his involvement with the Group over this period and wish him well for the future. Both Peter and Amelia have made valuable contributions to the Board discussions during their time with us so far.

During the year, we separated the responsibility for company secretarial matters from the role of the Chef Financial Officer. We have appointed an experienced Group General Counsel and Company Secretary who will help us enhance our corporate governance in line with developing best practice.

In the year ahead, the Board will continue to take an active role in enriching our strategy as we consider further investment and acquisition opportunities. This will 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
17 June 2021

GOVERNANCE IN ACTION

Strengthening our ability to respond to customer needs and market trends

Throughout FY2021, we have made an investment in our sales teams and strengthened our marketing and communications capabilities to increase Volex market presence and provide our customers with the optimal product solutions.

By engaging our customers in an early and collaborative design process, making available our vast technical expertise, providing easy access to support resources, and having a local presence to their product design teams and manufacturing facilities, we have seen new projects increase in frequency and move more smoothly throughout the manufacturing and supply process.

This was, in part, due to the implementation of new support programmes that better enable our existing and prospective customers to locate us, and our sales and support teams to ask the right questions and provide the technical expertise and technology solutions that customers expect from a world-class manufacturing partner.

New marketing tools and communications platforms have allowed us to be more forward facing to our globally diverse customer base. We have implemented consistent branding across the Group, created a global prospecting, inbound lead collection and follow-up process, and increased knowledge sharing, training opportunities and support partnerships across our acquisitions.

As we continue to grow our marketing and communications capabilities and activities throughout FY2022 and beyond, Volex customers will experience greater opportunities to engage with us across a wider variety of digital platforms and channels, including: an improved Volex.com website, consistent social media presence, enhanced training and presentation tools, and more frequent, customer-direct communications programmes highlighting our products and capabilities.

Link to Strategy

People

Investment and Acquisition

Corporate Governance Report

> ‘Good corporate governance supports a culture of integrity and responsibility, providing assurance to stakeholders that management is acting in their best interests.’
>
> **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. Volex plc has taken the provisions of the QCA Corporate Governance Code as its main benchmark for good corporate practice for the year ended 4 April 2021, 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 52 and 53.

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 Independent 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, Volex 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 oversight and support available.

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 took steps to separate the role of Company Secretary from the position of Chief Financial Officer. Our Company Secretary subsequently left the business and so, as at the end of the financial year, the duties of Company Secretary were once again being performed by the Chief Financial Officer albeit on an interim basis. This situation has now been resolved by the appointment of a Group General Counsel who took over the duties of Company Secretary from 19 May 2021. The role of the Company Secretary is to report to the Executive Chairman and Senior Independent 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.

During the year, we appointed an additional Non-Executive Director, increasing the number of Non-Executive Directors to four. With this expanded 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	The Board holds sessions that are focused on corporate strategy, looking at the plans for the Group in the short, medium and long-term. Read more about our **Strategy on pages 18 to 21**
Seek to understand and meet shareholder needs and expectations	Directors make themselves available to answer shareholder questions and have regular dialogue with investors to understand their expectations. Read more about our **Board of Directors on pages 52 and 53**
Take into account wider stakeholder and social responsibilities and their implications for long-term success	The Board considers the Company's stakeholders, and their needs, interests and expectations, as part of the decision-making process. Read more about our approach to **Section 172 on pages 42 and 43**
Embed effective risk management, considering both opportunities and threats, throughout the organisation	Risk management is very important and is considered when establishing and reviewing corporate strategy and when making key decisions. Read more about **Risk Management on pages 36 to 40**
Maintain the board as a well-functioning, balanced team led by the chair	The Board works together effectively to deliver a range of perspectives as well as to form consensus in relation to important decisions. Read more about our **Corporate Governance on pages 56 to 61**
Ensure that between them the directors have the necessary up-to-date experience, skills and capabilities	There is a broad range of skills and experience available on the Board which supports constructive debates around important matters. Read more about our **Board of Directors on pages 52 and 53**
Evaluate board performance based on clear and relevant objectives, seeking continuous improvement	This year the Board undertook a review of the terms of reference for its committees and considered how the committees support the activities of the Board. Read more about our **Nominations Committee on pages 66 and 67**
Promote a corporate culture that is based on ethical values and behaviours	The Board and management advocate integrity and ethical behaviour through their words and actions. Read more about our **Culture on page 03**
Maintain governance structures and processes that are fit for purpose and support good decision-making by the board	The Company establishes appropriate governance structures and these are reviewed periodically by the Board. Read more about our **Corporate Governance on pages 56 to 61**
Communicate how the company is governed and is performing by maintaining a dialogue with shareholders and other relevant stakeholders	The Company promotes communication of governance policies. Read more about our **Corporate Governance on pages 56 to 61**

Corporate Governance Report

Governance structure

THE BOARD

AUDIT COMMITTEE

Key responsibilities

- accounting policies and audit reports
- assessing the adequacy and effectiveness of internal financial controls
- monitoring anti-money laundering

Read more about this on pages 62 to 64

REMUNERATION COMMITTEE

Key responsibilities

- reviewing the pay and employment terms for the Company and the Board
- approving targets and performance-related pay schemes and all share incentive plans and pensions

Read more about this on pages 70 and 71

NOMINATIONS COMMITTEE

Key responsibilities

- reviewing the size and composition of the Board
- succession planning for the Board
- oversight of the appointments process

Read more about this on pages 66 and 67

SAFETY, ENVIRONMENTAL AND SUSTAINABILITY COMMITTEE

Key responsibilities

- monitor and evaluate the Company's management systems governing health, safety, environmental and other labour-related risks

Read more about this on pages 68 and 69

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 FY2021

The major focus this year was to maintain the progress made by the business in recent years while navigating the unpredictable impacts of a global pandemic. 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 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;
- Approved the refinancing of the Company and the implementation of an expanded credit facility;
- Approved the acquisition of De-Ka Elektroteknik Sanayi ve Ticaret Anonim Şirketi ('DE-KA');
- Approved the appointments of Sir Peter Westmacott and Amelia Murillo to the positions of Non-Executive Directors and approved their appointments to committees of the Board;
- Approved the appointment of Jon Boaden to the Board and to the role of Chief Financial Officer in accordance with our Board's succession planning process, taking over from Daren Morris; and
- Approved updated and revised Terms of Reference for all of the Board's committees and the inclusion of sustainability to the scope of the Health & Safety Committee which was subsequently renamed as the Safety, Environmental and Sustainability Committee.

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 (5 meetings)	Nominations Committee (2 meeting)	Safety, Environmental and Sustainability Committee (3 meetings)
Executive Directors					
Nathaniel Rothschild	8/8	-	-	2/2	3/3
Daren Morris - director until 12 November 2020	5/5	-	-	-	-
Jon Boaden - director from 12 November 2020	3/3	-	-	-	-
Non-Executive Directors					
Dean Moore	8/8	4/4	5/5	2/2	-
Adrian Chamberlain - director until 26 January 2021	6/7	3/3	4/4	1/1	-
Jeffrey Jackson	8/8	-	-	-	3/3
Sir Peter Westmacott - director from 12 November 2020	3/3	-	-	1/1	-
Amelia Murillo - director from 26 January 2021	1/1	1/1	1/1	-	-

Jon Boaden attended all the Full Board meetings and Audit Committee meetings prior to his appointment to the Board by invitation in his capacity as the Deputy CFO as part of the Board's succession planning process. Representatives from the Internal Audit function and from the Company's 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. During the year, we conducted a comprehensive review of all of the terms of references to ensure that they met best practice standards. To ensure independent oversight of the audit and remuneration functions, only the Company's independent Non-Executive Directors serve on those Committees. During the year, the Board also reviewed the membership of each of the Board's Committees and a number of changes were made. 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, Alan Taylor, acts as secretary.

Nominations Committee

During the year, the Board approved a number of changes to the composition of members within each of the Board's Committees. As a result of this review, the members of the Nominations Committee are Peter Westmacott (Chairman), Nathaniel Rothschild and Dean Moore.

The Committee met twice 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.

Audit Committee

During the year, the Board approved a number of changes to the composition of members within each of the Board's Committees. As a result of this review, 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 62 to 64.

Corporate Governance Report

Remuneration Committee

During the year, the Board approved a number of changes to the composition of members within each of the Board's Committees. As a result of this review, the members of the Remuneration Committee are Amelia Murillo (Chair), Dean Moore and Jeffrey Jackson.

The Committee met five 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 70 to 71.

Safety, Environmental and Sustainability Committee

The members of the Safety, Environmental and Sustainability Committee are Jeffrey Jackson (Chairman), Nathaniel Rothschild and Alan Taylor (Secretary).

The Committee met three 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 68 to 69.

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 Corporate Governance Code requirement for at least two independent Non-Executive Directors has been met. Jeffrey Jackson, Dean Moore, Amelia Murillo and Peter Westmacott are considered by the Board to be independent 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 Board recognises the importance of gender diversity in the Company and is committed to promoting gender diversity throughout the organisation at all levels. Further information on the total female representation in our workforce is provided in our Sustainability Report on page 45.

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. Jon Boaden, Peter Westmacott and Amelia Murillo will be offered for election since this will be the first AGM since they were appointed 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 met separately with the Executive Chairman and the Chief Financial Officer at numerous points during the year. Board member performance was discussed at these meetings and any performance concerns subsequently addressed. The Board recognises that a robust performance evaluation is important to maximise Board effectiveness.

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. This was reviewed and enhanced during the year by the Chief Financial Officer and the Group HR Director. 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 88.

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.

The Group conducted a review of the Internal Audit function during the year using external specialists. As a result of this exercise, some changes to the operation of the Internal Audit function were recommended to, and agreed by, the Audit Committee. The Group now has a clear roadmap to enhance the role of Internal Audit within the organisation.

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 on pages 36 to 40.

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. Given the ongoing situation in relation to Covid-19, remote participation will be encouraged in preference to in-person attendance.

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.

Jon Boaden
Chief Financial Officer
17 June 2021

Audit Committee Report

> 'The Audit Committee plays an important role in overseeing the Group's systems of internal control and risk management.'

Dean Moore
Chairman of the Audit Committee

I am pleased to present this year's report on the activity of the Volex 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 head office finance team and PwC representatives, as well as reviewing the activity of the Internal Audit function during the year. The review of the function was carried out by specialists from a global accountancy firm and made a number of recommendations on how the internal audit process could be improved. These changes will be implemented in FY2022.

During FY2021, the Group Finance and Legal functions have reviewed and updated a number of 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

During the year, the Board approved a number of changes to the composition of members within each of the Board's Committees. As a result of this review, the members of the Audit Committee are Dean Moore (Chairman) and Amelia Murillo.

Dean Moore has served on the Audit Committee since his appointment on 18 April 2017. Adrian Chamberlain served on the Audit Committee from his appointment on 16 June 2016 until he stepped down from the Board on 26 January 2021. Amelia Murillo was appointed to the Audit Committee on 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. The current Committee members have the appropriate range of financial, commercial and risk-management experience to fulfil its 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 52 and 53.

Meetings

The Audit Committee met four times in the year, with those meetings and their agendas timed to link to events in the Group's financial calendar. The Audit Committee invites the Group Chief Financial Officer, the Head of Internal Audit, senior representatives of the external auditors and 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 Audit Committee's terms of reference can be found on the Volex 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 110 to 111. The primary areas of judgement considered and discussed by the Committee in relation to the FY2021 financial statements and how these have been addressed are listed below.

Going concern – Having reviewed the Group's budget and trading position, the potential impact of 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 113. Adjusting items during the year amounted to $5.6 million (FY2020: $5.8 million).

Inventory provisions – The Committee reviewed the level of provision held against inventory in light of the Group's provisioning policy, the ageing of the stock and forecast future demand. Specific items one-off in nature or material due to their size were also considered. In light of this, the Committee believes the provision is reasonable.

Accounting for business combinations

The Committee reviewed the principal assumptions and judgements applied in accounting for the acquisition of DE-KA that completed 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 on all whistleblowing, control breakdowns and fraud issues.

Details of our internal controls and risk management systems including controls over the financial reporting process can be found on page 60 in the Corporate Governance Report with our risk factors in full in the Strategic report on pages 36 to 40.

Audit Committee Report

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.

A comprehensive review of the Internal Audit function and approach was undertaken during the year. 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. This plan has been agreed by the Audit Committee and is in the process of being implemented.

During the year, the Head of Internal Audit ensured that minor control improvement recommendations that had been identified in the previous year were implemented by local management. Due to flight restrictions as a result of the Covid-19 outbreak, no in-person audit visits were undertaken during the year. A programme of internal audit reviews is scheduled to take place in FY2022 and these reviews have been designed so that they can go ahead even if travel is not possible.

The Group's Whistleblowing 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 115 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.

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.

Non-audit fees for the year were $171,000 (FY2020: $2,000).

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 2021 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 3 April 2022.

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
17 June 2021

Board induction process

Amelia Murillo
Non-Executive Director

Step 1
Every new Non-Executive Director gets comprehensively briefed on the business. This introduction include an overview of the structure, history, strategy, acquisition history, Board procedures, delegation of authorities and other essential corporate policies, listing requirements and governance.

Step 2
Every new Non-Executive Director conducts a series of introductory meetings with key members of the leadership team to get a personal insight into the roles and responsibilities of our senior managers. This provides an ideal opportunity for each of our Non-Executive Directors to form a view of the leadership talent, our organisational and strategic alignment, culture, strategic narrative and the depth of organisational resilience within the Company.

Each Non-Executive Director also has individual meetings with external brokers and specialist advisers as appropriate.

Step 3
Under normal times, each new Non-Executive Director would be encouraged to visit a number of our operational sites to deepen their knowledge of our business, to experience first hand our culture and get an insight into our local teams. At least one Board meeting each year is held at one of our sites.

Jon Boaden
Chief Financial Officer

Step 1
The induction path for a new Executive Director requires a modified induction path compared to the typical Non-Executive Director. The development needs of each new Executive Director are assessed as part of either their hiring process or their promotion process.

Step 2
Each Executive Director receives a personalised programme of support appropriate to their needs, given their professional qualifications and experience. Each Executive Director also has individual meetings with our lawyers, nominated adviser, external brokers and other specialist advisers as appropriate.

Step 3
For newly appointed Executive Directors who are also new to Volex, in their first 90 days they would conduct a series of introductory meetings with key members of the leadership team to get a personal insight into the roles and responsibilities of our senior managers and their functional and geographic areas of responsibility.

Under normal times, a new Executive Director would also expect to conduct a series of site visits to gain first-hand experience of our organisation. For internally promoted individuals, induction principles are modified according to individual needs.

Nominations Committee Report

'Succession planning has been high on the Committee's agenda and this year, the Committee implemented the succession plan for the role of Chief Financial Officer.'

Sir Peter Westmacott
Chairman of the Nominations Committee

I am pleased to present the Nominations Committee report for the year ended 4 April 2021.

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

- Reviewing whether the balance of Executive Directors and Non-Executive Directors continues to be appropriate;
- Giving full consideration to succession planning and recommending suitable candidates for membership.

Succession planning has been high on the Committee's agenda and this year, the Committee implemented the succession plan for the role of Chief Financial Officer, with Jon Boaden taking on this role and joining the Board.

The Committee also appointed onto the Board two new independent Non-Executive Directors, namely Amelia Murillo and myself.

Composition of the Nominations Committee

During the year, the Board approved a number of changes to the composition of each of the Board's committees. As a result of this review, the members of the Nominations Committee myself (as Chair), Dean Moore, and Nathaniel Rothschild.

Adrian Chamberlain served on the Nominations Committee until he stepped down from the Board on 26 January 2021. I joined the Board on 12 November 2020 and was appointed Chair of the Nominations Committee on 18 March 2021.

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.

Meetings

The Nominations Committee met twice 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;
- 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

In line with the Committee's long-term succession planning, on 12 November 2020 Jon Boaden, who joined the business in April 2019 as Deputy Chief Financial Officer, was welcomed to the Board and promoted to the role of Chief Financial Officer. Daren Morris, who initially joined the business in June 2014 as a Non-Executive Director before becoming Chief Financial Officer in September 2014, left the Board on 12 November 2020. Jon Boaden emerged as the leading candidate for succession to the role of Chief Financial Officer following a rigorous profiling and search process, including the full evaluation of potential internal and external candidates using specialist consultants. He has played a key role in the significant growth and development of the Group's business since joining and has quickly established himself as a well-respected leader within the organisation.

On 12 November 2020, I was delighted to be appointed to the Board as an independent Non- Executive Director, increasing the Company's number of Non-Executive Directors from three to four. On 18 March 2021, I was appointed as Chair of the Nominations Committee. I already serve on a number of other boards and hope that my experience in these roles, and as a British diplomat for more than forty years, will bring to the board greater understanding of international relations, complex negotiations and global business issues.

On 26 January 2021, we welcomed Amelia Murillo to the Board as an Independent Non-Executive Director. Amelia is currently Vice President of FP&A and Treasurer at global manufacturer Carlisle Companies Incorporated (NYSE: CSL). Prior to this, over a 16-year period, Amelia has held other notable senior financial and management roles at Carlisle Interconnect Technologies, a subsidiary of CSL, in addition to leading CSL's management and development initiatives as Vice President of Human Resources. Separately, Adrian Chamberlain, who joined Volex as a Non-Executive Director in June 2016, stepped down from the Board on 26 January 2021 as part of an orderly transition process.

These changes maintain Volex's approach to strong independent governance and oversight. Following the implementation of these changes, the Company's Board continues to consist of four Non-Executive Directors and two Executive Directors.

One of the other key activities of the Committee during the last year has been to make recommendations to the Board in respect of changes to the membership of the Audit Committee, Remuneration Committee and Safety, Environmental and Sustainability Committee and to recommend new updated terms of reference for the Nominations Committee. I am pleased to report these recommendations were approved and successfully implemented.

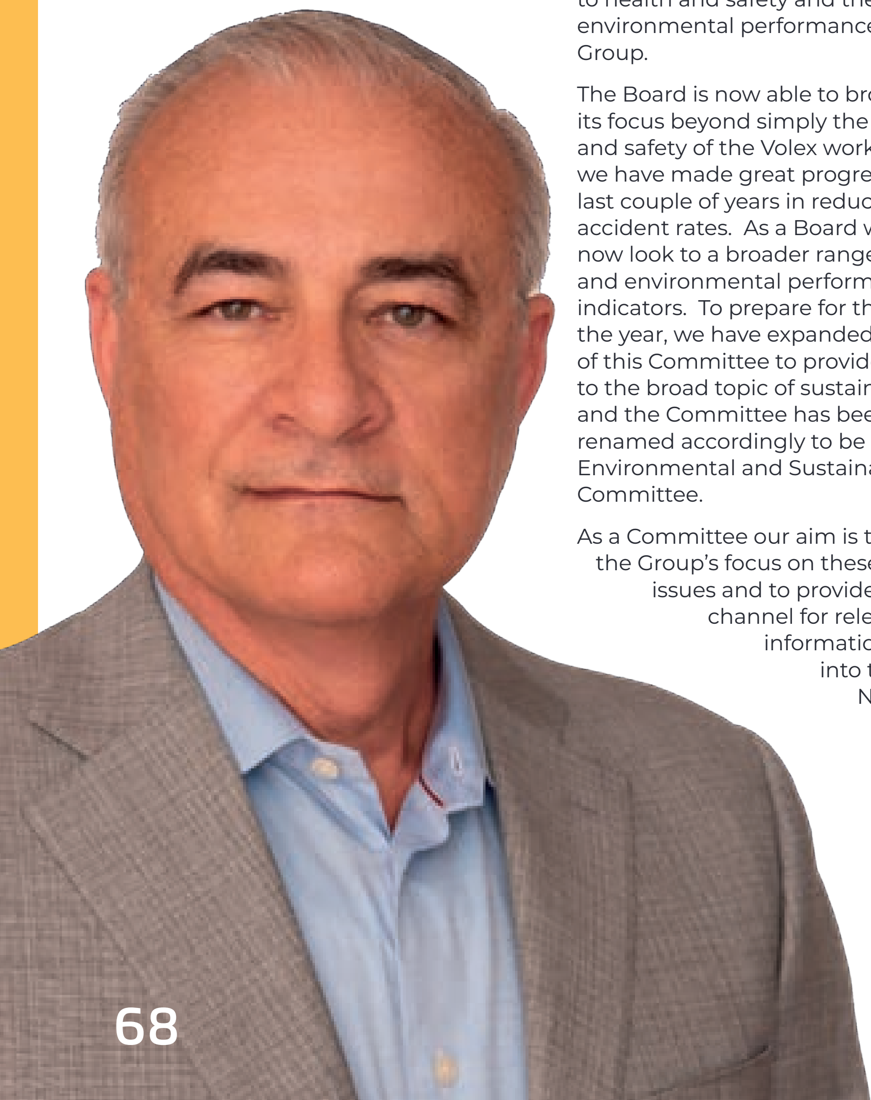
On behalf of the Nominations Committee

Sir Peter Westmacott
Chairman of the Nominations Committee
17 June 2021

Safety, Environmental and Sustainability Committee Report

‘I am delighted to confirm that we have now expanded the scope of this Committee to include environmental and other sustainability-related performance indicators.’

Jeffrey Jackson
Chairman of the Safety, Environmental and Sustainability Committee



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 which 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.

The Board is now able to broaden its focus beyond simply the health and safety of the Volex workforce as we have made great progress in the last couple of years in reducing our accident rates. As a Board we can now look to a broader range of labour and environmental performance indicators. To prepare for this, during the year, we have expanded the scope of this Committee to provide oversight to the broad topic of sustainability and the Committee has been renamed accordingly to be the Safety, Environmental and Sustainability Committee.

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 practice wherever possible but we also want to provide a safe and productive working environment for our employees whilst minimising the impact of our operations on the natural environment. 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 taken steps to start the development of a long term roadmap for sustainability for the business. This workstream will run throughout the coming year and we will be able to report on our progress in next year’s Annual Report.

Details of the actions taken by the Group to protect employees amid the Covid-19 pandemic can be found on page 49 of the Annual Report.

Key Responsibilities

Our responsibility is to ensure that the Company’s management systems are effective in reducing levels of risk associated with health and safety, environmental and sustainability related factors.

The Committee reviews performance and trend information provided to us by the management team on a range of performance indicators, including accident statistics and, in the past year, Covid-19 cases.

During the year, we have expanded our scope to include sustainability. This reflects the growing importance of sustainability amongst all of our stakeholders.

Through challenging and questioning the Company’s management we can assess the rigour and resilience of their actions.

As we start to develop our sustainability roadmap we will be engaging with our stakeholders over the coming months.

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 ensuring that we control other labour-related risks relevant to the industry’s Responsible Business Alliance standards and their Code of Conduct.

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

	Date of Appointment
Jeffrey Jackson (Chairman)	15 October 2019
Nathaniel Rothschild	15 October 2019
Alan Taylor (Secretary)	15 October 2019

Meetings and Activities

The Committee met formally three times (July, November and March) during the financial year and received regular updates on the impact of Covid-19 on the workforce and received quarterly updates 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 (please refer to pages 41)
- Review of the approach being taken by the Group to improve Group-wide performance in the areas of health, safety, environment and labour-related risk.

Key Initiatives

During the year, the Company was able to continue to conduct plant safety reviews. These reviews involve both our Group HR Director and key local management conducting a structured safety walk around the facility. These reviews take place at the majority of production sites around the world and are prioritised according to known risks or incident rates. These reviews successfully moved onto a virtual platform as a result of the restrictions to travel imposed by the pandemic and each video safety walk enabled each site to be assessed against specific categories that are linked to our Group's safety standards.

After completing a pilot project on machinery safety at our Zhongshan manufacturing facility in China with the support of external safety specialists TUV, we completed a global audit of all machinery to identify all pieces of machinery which failed to meet our enhanced basic standards.

All sites have implemented corrective action plans to bring these machines back to standard.

This year, we launched a Group-wide site excellence award programme – one of the categories is safety. In FY2021, the site recognised for the best performance for Safety was our Suzhou site given their successful project to relocate their factory. A project achieved without accident or injury. The Suzhou team also have one of the lowest accident frequency rates in the Group with 1.4 lost time accidents per million hours worked.

Our second transformational project was the expansion of our Batam facility and I am delighted to report that this construction project was also completed without injury or incident.

Both our Suzhou and Batam plants have taken on new Health and Safety specialists during the year as we continuously upgrade our capabilities to reflect the challenges present in the workplace.

Several of our sites have achieved zero accident or 100% 'safe production days' year after year and these plants set the performance standard for all of other sites to achieve.

Our accident frequency rate increased compared to the previous year due to the inclusion of a significant number of historical accidents from our most recent acquisition DE-KA. We have a adopted a policy of include two years of historical data from any business that we acquire. This enables us to establish trend data and to deepen our knowledge of accident and injuries in the acquired business. In absolute terms we can report a 15% reduction year on year in the number of lost-time accidents in the Group and this includes the last two years of accident numbers for DE-KA.

Our improvement programme for health and safety commenced in April 2019. If we exclude the historical accidents from DE-KA, we have achieved a 59% reduction in our lost time accidents. Our adjusted accident frequency rate if we exclude DE-KA would be 0.88 compared to 1.07 lost time accidents per million hours worked in the prior year.

For the coming year, I look forward to ensuring the Group maintains and further improves on its record in this regard. Our new focus on Sustainability will be at the centre of our work in the year ahead as we seek to develop a clear roadmap for sustainability for the Company over the years ahead.

On behalf of the Safety, Environmental and Sustainability Committee.

Jeffrey Jackson
Chairman of the Safety, Environmental and Sustainability Committee
17 June 2021

16
No of plant safety reviews (physical 1) (virtual 15)

15.6%
Reduction in lost time accidents year on year
59% on 2 years ago with DE-KA excluded

Remuneration Committee Report

> ‘We are continuously striving for fair and competitive remuneration policy and practice that is aligned to our shareholder’s interests.’

Amelia Murillo
Chair of the Remuneration Committee

Annual Statement

Overview from the Chair of the Remuneration Committee

I am pleased to introduce the Remuneration Report for the year ended 4 April 2021, which includes my first statement as Remuneration Committee Chair, the Directors’ Remuneration Policy and the Annual Report on Remuneration for the year.

I am delighted to have assumed this role of Remuneration Committee Chair, having joined the Board and this Committee on 26 January 2021. I would like to take this opportunity to thank Adrian Chamberlain on behalf of my fellow Board and Committee colleagues for his stewardship of the Committee over the last few years.

FY2021 was a year in which the Company demonstrated extraordinary resilience as the effects of a global pandemic were felt around the world.

Despite the pandemic, the business has performed well and we are pleased to report that the Company has exceeded the bonus targets that we set out in last year’s Annual Report. The Company has exceeded its underlying operating profit and free cash flow targets.

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 50% of the Executive Directors’ bonuses have been deferred into Volex shares, and will vest after one year. The targets were challenging, and this result reflects the achievements of the Group over the year.

In FY2022, 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 of operating profit and cash generation. The purpose of this is to incentivise the Executive Directors to focus on generating cash and therefore value for shareholders. We want Volex to be a sustainable and cash-generative company that aims to pay regular dividends. Focusing the Executive Directors on cash generation helps align the interests of management with shareholders. Financial measures will make up 80% of the total opportunity for Executive Directors.

On 18 December 2020, Nathaniel Rothschild and Jon Boaden were issued with awards under the LTIP of 225% and 169% of base salary respectively, in line with the policy. Base salaries of the Executive Directors for FY2021 were reviewed and increased by 1.1%, in line with other UK employee salary increases.

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 and do not encourage excessive risk-taking.

The Company’s legacy Performance Share Plan expired in March 2019, the Committee, with the support of specialist external advisors, reviewed and created a replacement Plan which was presented and approved by shareholders at the AGM that year. This plan is called the Volex Long Term Incentive Plan (LTIP) and has different award limits than the legacy Performance Share Plan. Awards remain in flight for some Executives under the 2009 Performance Share Plan (PSP).

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 also conducted an independent review of our terms of reference to ensure they remained sound and in line with best practice.

To further strengthen our Committee's oversight we appointed Jeffrey Jackson to the Remuneration Committee to bring additional Non-Executive experience to this forum.

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

On behalf of the Remuneration Committee.

Amelia Murillo

Chair of the Remuneration Committee

17 June 2021

Remuneration Committee Report

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 Policy Table below sets out the Remuneration Policy which was approved by shareholders at the 2020 AGM with 98.95% voting in support.

Purpose and link to strategy	Operation	Opportunity	Performance metrics
Base salary 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: ▸ The individual's performance, responsibility, skills and experience; ▸ Company performance and market conditions; ▸ Salary levels for similar roles at relevant comparators, including companies of similar market capitalisation to Volex and companies in a similar sector; and ▸ Wider pay levels and salary increases across the Group. 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.
Pension 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.

Purpose and link to strategy	Operation	Opportunity	Performance metrics
Benefits To provide market competitive benefits.	Benefits may include fuel costs, travel allowances, private medical insurance, critical life and death-in-service cover. Other benefits may be awarded as appropriate and include relocation and other expatriate benefits.	Benefits may vary by role and individual circumstances and are reviewed periodically. Benefits are not anticipated to exceed 10% of salary over three financial years. 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).	Not performance-related.
Annual bonus To incentivise delivery of the Group's annual financial and strategic goals.	Performance is measured on an annual basis for each financial year. 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. The Remuneration Committee 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. 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.	The maximum bonus for Executive Directors is 100% of salary p.a. For threshold performance, 20% of the bonus is payable. Threshold performance is set just below our budgeted level for each financial indicator. For performance between threshold and maximum, the bonus pay-out will increase on a straight-line basis.	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. Corporate measures will be weighted each year according to business priorities. Measures will include a measure of operating profit and cash flow. The range of performance required under each measure is calibrated with reference to Volex's internal budgets. 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. Further details of performance conditions are provided in the Annual Report on Remuneration on page 78.

Remuneration Committee Report

Purpose and link to strategy	Operation	Opportunity	Performance metrics
LTIP To drive performance, aid retention and align the interests of Executive Directors with shareholders.	The Committee may grant annual awards in the form of shares or nominal 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. 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.	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.	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 page 82.

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 Company's current LTIP was approved at the 2019 AGM and then implemented in 2019 after the expiry of the Company's 2009 PSP. 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 Committee believes that 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 majority of our employees (excluding those who are shopfloor-based 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.

Volex'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
Fees 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'.

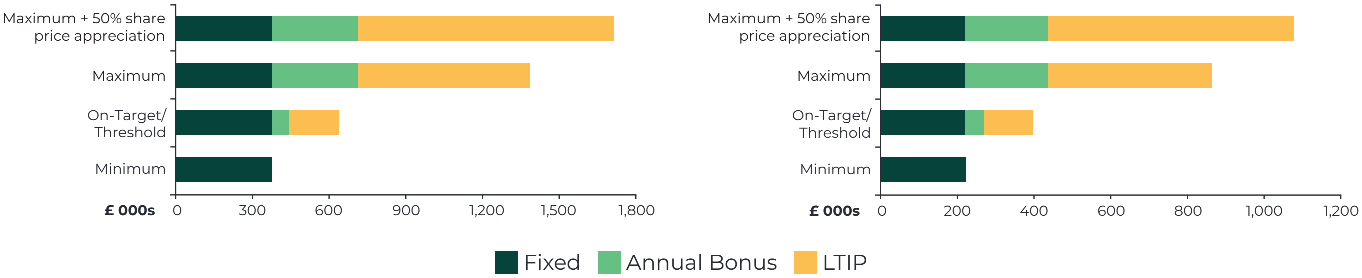
Potential reward opportunities illustrated below are based on the Remuneration Policy, applied to the base salary as at 1 April 2021. For the annual bonus, the amounts illustrated are those potentially receivable in respect of performance for FY2022. For the LTIP, the award opportunities are based on those LTIP awards which are expected to be granted in FY2022. 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.

Remuneration Committee Report

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 **CFO – Jon Boaden**



Approach to recruitment remuneration

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
Base salary	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.
Pension	New appointees will be eligible to participate in the Group's defined contribution pension plan or to receive a cash allowance.	
Benefits	New appointees will be eligible to receive benefits in line with the Policy.	
Annual bonus	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.
LTIP	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 81. 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.

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

			Notice period	
Executive Director	Position	Effective date of contract	From Company	From Director
Nathaniel Rothschild	Executive Chairman	1 December 2015	6 months	6 months
Daren Morris[1]	Chief Financial Officer	8 June 2015	6 months	6 months
Jon Boaden[2]	Chief Financial Officer	12 November 2020	3 months	3 months

1. Daren Morris left the Board effective 12 November 2020
2. Jon Boaden was promoted to the Board effective 12 November 2020

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 Director	Date of letter	Unexpired term as at 4 April 2021	Date of appointment	Notice period
Adrian Chamberlain[1]	16 June 2019	N/a	16 June 2019	3 months
Dean Moore	18 April 2017	25 months	19 April 2020	3 months
Jeffrey Jackson	30 July 2019	16 months	30 July 2019	3 months
Peter Westmacott	12 November 2020	31 months	12 November 2020	3 months
Amelia Murillo	26 January 2021	34 months	26 January 2021	3 months

1. Adrian Chamberlain stepped down from the Board effective 25 January 2021

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 below 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.

Remuneration Committee Report

Event	Timing of vesting/award	Calculation of vesting/payment
Annual bonus		
'Good leaver'	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.
'Bad leaver'	No annual bonus payable.	Not applicable.
Change of control	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.
Deferred bonus		
'Good leaver'	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.
'Bad leaver'	Outstanding awards are forfeited.	Not applicable.
Change of control	Vest immediately on the effective date of change of control.	Outstanding awards vest in full.
PSP/LTIP		
'Good leaver'	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.
'Bad leaver'	Outstanding awards are forfeited.	Not applicable.
Change of control	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 membership in FY2021

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

Committee member	Member throughout 2020/2021	Number of meetings attended
Adrian Chamberlain	No	4/4
Dean Moore	Yes	5/5
Amelia Murillo	No	1/1

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 FY2021

The agenda during FY2021 included:

- Approval of the FY2020 Remuneration Committee Report;
- Evaluation of share award proposals for Executive Directors and senior managers for FY2021;
- Review of Executive Directors' shareholdings;
- Review and approval of the vesting in full for the PSP FY2018 vesting;
- Consideration of and the exercise of discretion in relation to the compensation payments paid to Daren Morris on termination;
- Consideration and approval of the remuneration package for the appointment and promotion of Jon Boaden to the position of Chief Financial Officer and Executive Director;
- Consideration and approval of the remuneration package for the appointment of Mark Kray as Chief Operating Officer for North America;
- Consideration of advisory bodies' and institutional investors' current guidelines on executive compensation;
- Review and ratification of the Remuneration Policy and remuneration packages for Executive Directors and the fees payable to our Non Executive Directors for FY2022, incorporating institutional investor feedback;
- Evaluation of the proposal for the annual bonus plan;
- Review of the succession planning status for the top 20 management positions;
- Review and approval of updated Terms of Reference for the Remuneration Committee produced as part of a wide-ranging independent review of the terms of references for each of the Board's Committees that was conducted during the year.

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 Kepler ('Kepler') as the principal external advisers to the Committee. The Committee evaluates the support provided by its advisers annually and is comfortable that the Kepler team provides independent remuneration advice to the Committee and does not have any connections that may impair independence.

Fees of £29,600 (FY2020: £17,200) were paid to advisers in respect of work carried out for the year under review.

Summary of shareholder voting at the FY2020 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 FY2020 Remuneration Report at the AGM on 30 July 2020.

	FY2020 Remuneration Report	
	Total number of votes	% of votes cast
For (including discretionary)	105,277,900	98.95%
Against	1,116,348	1.05%
Total votes cast (excluding withheld votes)[1]	105,394,248	100%
Votes withheld	8,710	
Total votes cast (including withheld votes)	105,402,958	

1. 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.

Remuneration Committee Report

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 4 April 2021 and the prior year:

Name	Year	Salary (£)	Benefits[1] (£)	Pension[2] (£)	Cash annual bonus[3] (£)	LTI[4] (£)	Other (Severance)[6] (£)	Deferred annual bonus (restricted shares)[3] (£)	Total (£)
Nathaniel Rothschild	**2021**	**£329,844**	**£2,582**	**£32,984**	**£162,283**	**£910,000**	–	**£159,645**	**£1,597,338**
	2020	£323,377	£2,420	–	£159,300	£1,014,736	–	£157,300	**£1,657,133**
Daren Morris	**2021**	**£220,112**	–	**£43,764**	–	**£272,750**	**£1,456,214**	–	**£1,992,840**
	2020	£323,377	£343	£64,675	£159,300	£957,804	–	£157,300	**£1,662,799**
Jon Boaden[5]	**2021**	**£72,241**	**£4,817**	**£7,790**	**£39,356**	–	–	**£37,716**	**£161,920**
	2020	–	–	–	–	–	–	–	–

1. Taxable value of benefits received in the year by Executives includes healthcare and life assurance.
2. Pension: Up until 12 November 2020 Daren Morris participated in a money purchase scheme into which the Company contributed 20% of salary. Jon Boaden participates in a money purchase scheme into which the Company contributed 6% of salary.
3. Annual bonus: The FY2021 targets were substantially met and 94-98% 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 significant proportion of the Executive Directors' bonuses (approximately 49%) were deferred into Volex shares for a period of one year. Details can be found on page 73 of this report.
4. During the year, Nathaniel Rothschild exercised awards in respect of 350,000 shares received under the PSP with a valuation (net of exercise price and fees) of £910,000. During the year, Daren Morris exercised awards in respect of 250,000 shares received under the PSP with a valuation (net of exercise price and fees) of £272,750.
5. Jon Boaden's appointment to the Board was effective 12 November 2020 and therefore his remuneration reflects that received since his appointment to 4 April 2021.
6. Daren Morris left the Board on 12 November 2020 and a settlement agreement was agreed. The severance was split and includes £1,456,214 payable in FY2021 and an amount of £404,699 that becomes payable in FY2022.

Single figure of Non-Executive Director remuneration and Non-Executive Director fees

The table below sets out a single figure for the total remuneration received by each Non-Executive Director for the year ended 4 April 2021 and the prior year:

Non-Executive Director	Year	Base fee (£)	Committee fee (£)	Additional fee (£)	Benefits in kind (£)	Total
Dean Moore	**2021**	**£50,000**	**£20,000**	–	–	**£70,000**
	2020	£50,000	£20,000	–	–	**£70,000**
Adrian Chamberlain[1]	**2021**	**£51,034**	**£10,000**	–	–	**£61,034**
	2020	£50,000	£10,000	–	–	**£60,000**
Jeffrey Jackson	**2021**	**£50,000**	**£10,000**	–	–	**£60,000**
	2020	£33,333	£4,167	–	–	**£37,500**
Peter Westmacott[2]	**2021**	**£21,073**	–	–	–	**£21,073**
	2020	–	–	–	–	–
Amelia Murillo[2]	**2021**	**£10,220**	**£1,858**	–	–	**£12,078**
	2020	–	–	–	–	–

1. Adrian Chamberlain's remuneration was adjusted to reflect a leave date of 25 January 2021 and his notice period.
2. Both Peter Westmacott and Amelia Murillo were appointed to the Board part way through the year and so the fees earned have been prorated accordingly.

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 FY2022 are:

	Fee[1]	
	FY2022	FY2021
Non-Executive Director base fee	**£55,000**[2]	£50,000
Senior Independent Director fee	**£10,000**	£10,000
Chair of Committee additional fee	**£10,000**	£10,000

1. 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.
2. During the year, the Company conducted a review of Non-Executive Director compensation. As a result of this review the base fee was increased by 10%. This was the first increase since July 2017.

Incentive outcomes for the year ended 4 April 2021

Annual bonus in respect of FY2021 performance

For FY2021, 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 97.6% for Nathaniel Rothschild and 94% for 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 50%) has been deferred into Volex shares, and will vest after one year.

Annual bonus target for FY2022 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 FY2022 targets see page 84.

PSP Schemes

PSP awards held by Nathaniel Rothschild of 350,000 shares vested on 1 December 2020 based on the TSR target being 100% met and the cumulative profit target being 100% met.

Scheme interests awarded in FY2021

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

	LTIP award			
	Date of grant	**Number of shares**	**Market price at date of award**	**Face value**
Executive Chairman	18 December 2020[1]	240,000	309.0p	£742,000
Chief Financial Officer	18 December 2020[1]	115,000	309.0p	£355,000

1. The awards will vest on the third anniversary of the grant date. The performance condition is 50% based on TSR outperformance of the constituents of the Comparator Group of companies (which is defined and approved by the Committee) and 50% based on cumulative operating profit. The three-year performance period over which operating profit performance will be measured began on 6 April 2020 and will end on 2 April 2023. The awards are also subject to a potential multiplier based on absolute TSR performance, whereby 100% growth in TSR over the three years could see the awards double.

The FY2021 awards to the Executive Chairman and to the Chief Financial Officer amounted to 225% and 169% 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 Volex.

PSP

Awards held but as yet unvested under the old PSP scheme vest as nominal-cost options with an exercise price of 25 pence per share after three years based on a relative TSR target and a cumulative operating profit target, as follows:

Performance condition	Weighting	Award vesting
TSR (share price growth plus reinvested dividends) relative to companies in the FTSE ASX Index	50%	Target (Index) – 30% Stretch (Index + 15% pa) – 100%
Cumulative operating profit	50%	Target – 30% Stretch – 100%

Remuneration Committee Report

LTIP

The maximum base award available under the new scheme is 680,000 shares per recipient, or 750,000 in exceptional circumstances. Final vesting of any grant, as nil-cost options, 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.

Performance condition	Absolute TSR (share price growth plus reinvested dividends)	
Level of performance		Multiplier[1]
Below target	Below 50%	n/a
Target	50%	1x
Stretch	100% or above	2x

1. The awards are also subject to a potential multiplier based on absolute TSR performance, whereby 100% growth in TSR over the three years could see the awards double.

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 FY2022 will be disclosed in the 2022 Annual Report on Remuneration.

Non-Executive Director fees

The Board determined that Non-Executive remuneration should be increased by 10% to better reflect market rates. This is 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

On 12 November 2020, Daren Morris left the Board and a settlement package was agreed. The package included payment in lieu of notice and a payment for loss of office. These payments included a discretionary payment which was approved by the Remuneration Committee in relation to the outstanding share awards that had not vested and which lapsed on termination. The total severance package was £1,456,214. A portion of this has been withheld and will become payable as a post-termination payment during FY2022 as long as the terms of the settlement agreement are complied with. All remaining shares awarded under the PSP, DBS and LTIP lapsed in full on termination of his employment.

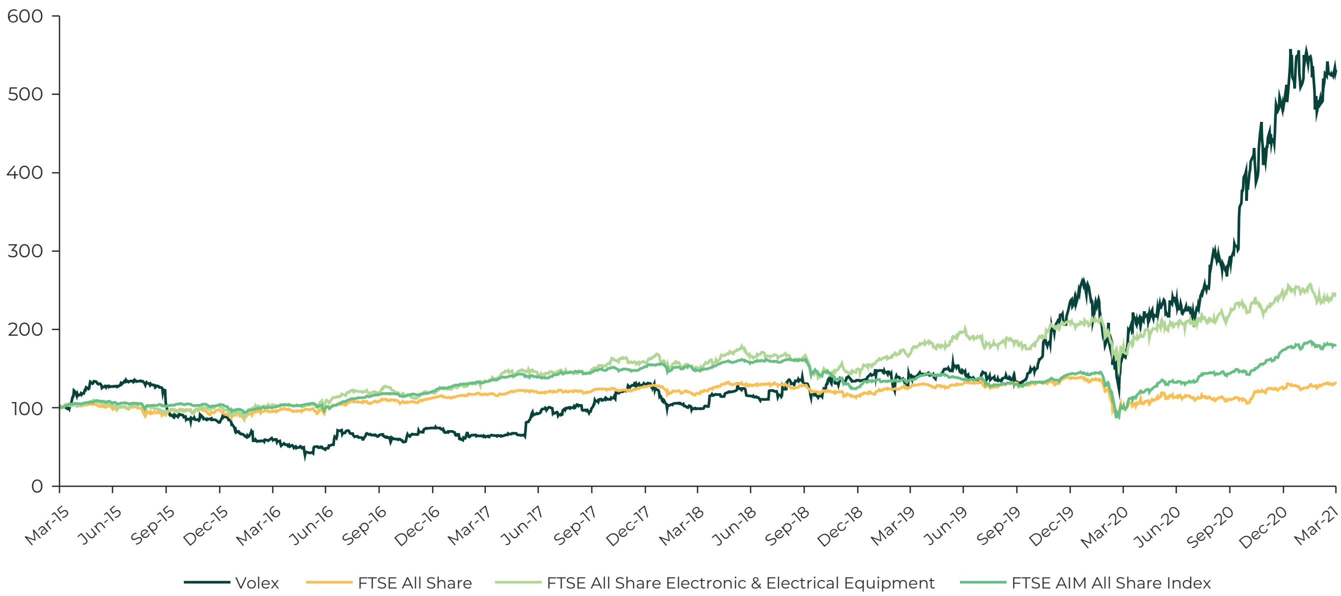
In line with the terms of his letter of appointment, Adrian Chamberlain received a payment of fees for the unworked element of his notice period.

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 2015 to March 2021. In the opinion of the Directors, these indices are the most appropriate against which the total shareholder return of Volex should be measured.



Source: Bloomberg

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.

	2016[1]	2017	2018	2019	2020	**2021**
CEO / Executive Chairman single figure of remuneration (£'000)	547	392	534	620	1,657	**1,597**
Annual bonus pay-out (% of maximum)	0%	50%	74%	97%	98%	**98%**
PSP vesting (% of maximum)	0%	0%	0%	88%	100%	**100%**

1. The comparison of CEO remuneration is made complex by the change in CEO during the year. Christoph Eisenhardt resigned in September 2015 and the position was temporarily filled by Geraint Anderson as interim CEO before the position of CEO was replaced by an Executive Chairman, Nathaniel Rothschild. The single figure above is an aggregate of the amounts due to each individual during their time in the relevant role.

Implementation of Executive Director Remuneration Policy for FY2022

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. 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 1.1%.

Executive Director	Base salary in place prior to review	Base salary effective from 1 April 2020	Percentage increase from 4 April 2021
Nathaniel Rothschild	£329,844	£333,844	1.1%
Jon Boaden	£210,000	£212,310	1.1%

A salary increase averaging 1.1% across the UK employee population was awarded at the annual pay review.

Pension

During FY2021, with the change of incumbent in our Chief Financial Officer, the Committee made the decision to bring the pension contribution for the Chief Financial Officer back in line with wider practice for other UK-based employees. 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.

Remuneration Committee Report

Annual bonus

The annual bonus for FY2022 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.

As outlined above, going forward, the Committee has committed to disclosing targets on a prospective basis. For FY2020, 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. 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	\$45.6m	\$51.2m
Group cash generation from operations before adjusting items	\$23.5m	\$26.0m
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 vs. 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[1]	% of award vesting[1]
Threshold	Index	30%	30%
Maximum	Index + 15% p.a.	100%	100%

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

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 2023 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 2022 Annual Report on Remuneration.

Non-Executive Director fees

The Board determined that the base Non-Executive Director remuneration should be increased by 10% for FY2022. This fee level was last increased in July 2017 and fee levels will continue to be reviewed on an annual basis.

	FY2021 fees	FY2022 fees
Base fees		
Chairman	**n/a**	n/a
Non-Executive Director	**£50,000**	£55,000
Additional fees		
Audit Committee Chair	**£10,000**	£10,000
Remuneration Committee Chair	**£10,000**	£10,000
Nominations Committee Chair	**£10,000**	n/a
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 4 April 2021 (or date of resignation)	Current shareholding (% salary/fees)	Shareholding[1] guideline (as % of salary)	Guideline met
Nathaniel Rothschild[2]	38,415,595	40,122%	100%	Yes
Jon Boaden	–	n/a	100%	No
Daren Morris	914,799	n/a	n/a	n/a
Adrian Chamberlain	24,986	n/a	n/a	n/a
Dean Moore	15,000	n/a	n/a	n/a
Jeffrey Jackson	10,000	n/a	n/a	n/a
Peter Westmacott	5,900	n/a	n/a	n/a
Amelia Murillo	–	n/a	n/a	n/a

1. 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.
2. 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 (FY2020)[1]	PSP/LTIP	Deferred Shares	Total
Nathaniel Rothschild	38,415,595	–	113,986	920,000	–	**39,449,581**
Jon Boaden	–	–	–	340,000	–	**340,000**
Dean Moore	15,000	–	–	–	–	**15,000**
Jeffrey Jackson	10,000	–	–	–	–	**10,000**
Peter Westmacott	5,900	–	–	–	–	**5,900**
Amelia Murillo	–	–	–	–	–	**–**

1. Under the FY2021 deferred share bonus plan, Nathaniel Rothschild will be awarded deferred bonus shares equal to a value of £159,645 and Jon Boaden will be awarded deferred bonus shares equal to a value of £96,600 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 FY2021, are set out on page 81 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 5 April 2020	Number of shares subject to LTIP options granted during FY2021	Number of shares subject to PSP options exercised during FY2021	Number of shares subject to PSP options lapsed during FY2021	Number of shares subject to option held at 4 April 2021	Exercise price of shares subject to PSP options (£)
Nathaniel Rothschild	1,030,000	**240,000**	**(350,000)**	**–**	**920,000**	0 - 0.25
Daren Morris	1,970,000	**–**	**(250,000)**	**(1,720,000)**	**–**	n/a
Jon Boaden	225,000	**115,000**	**–**	**–**	**340,000**	0 - 0.25

The Remuneration Committee Report was approved by the Board of Directors on 17 June 2021 and signed on its behalf by:

Amelia Murillo

Amelia Murillo
Chair of the Remuneration Committee

Directors' Report

The Directors of the Company present their Annual Report for the year ended 4 April 2021.

Results and dividend

Results for the year ended 4 April 2021 are set out in the consolidated income statement on page 98.

The Board is recommending payment of a final dividend of 2.2 pence per share for the 52 weeks ended 4 April 2021 (FY2020: 2.0 pence). Together with the interim dividend of 1.1 pence per share paid on 15 December 2020 (FY2020: 1.0 pence), this makes a total for the year of 3.3 pence (FY2020: 3.0 pence).

Important events since the end of the financial year

The Group's North American operations received notification on the 28 May 2021 and 11 June 2021 that $2,584,000 of PPP loans provided during the pandemic were forgiven. No other important events have taken place in the period between 5 April 2021 and 17 June 2021.

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	Notes
Nathaniel Rothschild	
Daren Morris	Until 12 November 2020
Jon Boaden	From 12 November 2020
Non-Executive Directors	
Dean Moore	
Adrian Chamberlain	Until 26 January 2021
Jeffrey Jackson	
Peter Westmacott	From 12 November 2020
Amelia Murillo	From 26 January 2021

Biographical details of the Directors currently serving on the Board and their dates of appointment are set out on pages 52 and 53.

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 4 April 2021 is set out in the Remuneration Committee Report on page 85.

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 4 April 2021, there were 157,052,041 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 28 May 2021.

Shareholder	Number of ordinary shares of 25p each	Percentage of total voting rights
NR Holdings Limited[1]	38,415,595	24.46
Ruffer LLP	14,200,000	9.04
Hargreaves Lansdown Asset Management	8,348,489	5.32
Canaccord Genuity Wealth Management	6,725,000	4.28
Investec Wealth and Investment	6,324,429	4.03
Herald Investment Management	5,738,020	3.65

1. 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 2020 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 page 77.

Directors' Report

Future developments
The development of the business is detailed in the Strategic Report on pages 12 to 49.

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 44 to 48.

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 pages 42 and 43.

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 56 to 61.

Political and charitable donations
The Company did not make any charitable donations during the year. The Company did not make any political donations.

Energy use and emissions
The disclosures on energy use and greenhouse gas emissions are made within the Sustainability Report on page 47.

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 30 to the financial statements and in the Group Risk Management section on pages 36 to 40.

Overseas branches
During the year, no new or additional overseas branches were established. The Company currently maintains one overseas branch, in Sweden.

Going concern statement
The considerations made by the Directors with regards to going concern are set out in the Performance and Financial Review on page 35.

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.

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 ought to have taken as a Director in order to make himself 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 29 July 2021. 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
17 June 2021

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 international accounting standards in conformity with the requirements of the Companies Act 2006 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 international accounting standards in conformity with the requirements of the Companies Act 2006 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
Executive Chairman

Jon Boaden
Chief Financial Officer

17 June 2021

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 4 April 2021 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 international accounting standards in conformity with the requirements of the Companies Act 2006;
- 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 2021 (the "Annual Report"), which comprise: the Consolidated and Company Statements of Financial Position as at 4 April 2021; 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 listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Our audit approach

Overview

Audit scope

- We conducted a full scope audit of 10 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 87% coverage of revenue, 80% of profit before tax, interest and adjusting items and share based payments, 100% of adjusting items, 81% of interest payable and over 71% of net assets of the Group. Desktop review procedures were performed on a further 10 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, conducting remote file reviews and conducting remote face to face meetings with local management and the component teams.

Key audit matters

- Adjusting Items (Group)
- Business combinations (Group)
- Recognition of deferred tax assets (Group and Company)
- Impact of Covid-19 (Group and Company)

Materiality

- Overall Group materiality: $1,750,000 (2020: $1,500,000) based on approximately 4% of profit before tax, interest, adjusting items and share-based payments.
- Overall Company materiality: £500,000 (2020: £489,000) based on 1% of total assets and capped at Group component materiality.
- Performance materiality: $1,312,500 (Group) and £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) is a new key audit matter this year. Otherwise, the key audit matters below are consistent with last year.

Key audit matter	How our audit addressed the key audit matter
Adjusting Items (Group) The Directors have classified $5.6m (2020: $5.8m) of pre-tax expenses 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. Adjusting items are disclosed in note 4 and in the Financial Review. The Directors have assessed the adjusting items included in note 4 to be both one-off in nature and significant in size; these also include the non-cash amortisation charges in respect of intangible assets which have arisen under IFRS 3 Business Combinations. These have been classified as adjusting items in line with their accounting policy in note 2. These items principally relate to costs associated with the acquisitions made during the year, and the amortisation of acquired intangibles. 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.	We obtained management's detailed listing of adjusting items and our procedures included the following: ▸ Testing that they met 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 they were not given greater prominence than the statutory results; ▸ For acquisition 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; ▸ For the amortisation of acquired intangibles, we performed a high-level analytic and substantiated differences above a threshold lower than materiality; ▸ We tested that the reconciliation of 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 appropriate.
Business combinations (Group) As disclosed in note 34 to the financial statements, during the year the Group acquired 100% of the issued share capital of De-Ka Elektroteknik Sanayi ve Ticaret Anonim Şirketi ('DE-KA'). The transaction is considered to be a business combination under IFRS 3. Accounting for business combinations is complex and involves judgement around identifying the date of acquisition, determination of the fair value of consideration paid and payable, and assessment of the fair value of assets and liabilities acquired. Management made further fair value adjustments to working capital balances as required. The fair value exercise resulted in a $39.1m increase in goodwill and a $29.3m increase in intangible assets. Management utilised the services of third parties to help them determine the fair value of the assets and liabilities acquired and the translation of the opening balances from Turkish Financial Reporting Standards to IFRS. Given the significance of the transaction and the complexity around the associated judgements and estimates, there is a risk that the accounting treatment may be incorrect and as such this is a key audit matter.	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 focused on this area due to the significance of the transaction and the complexity around judgements and estimates made in accounting for the acquisition. We undertook the following procedures: ▸ We have reviewed management's fair value assessment and translation of balances from Turkish Financial Reporting Standards to IFRS, 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. ▸ We used our valuation experts to evaluate the key assumptions, including customer values 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 industry within which it operates. ▸ We obtained and reviewed the sale and purchase agreement. ▸ We obtained management's fair value calculations of the consideration, including of the contingent consideration and deferred consideration elements, and assessed the appropriateness of the calculations. ▸ 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. ▸ 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 and the estimated economic life of the acquired intangibles. Based on our procedures, we found no exceptions and overall considered management's key assumptions to be within an acceptable range. 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.

Independent Auditors' Report to the Members of Volex Plc

Key audit matter	How our audit addressed the key audit matter
Recognition of deferred tax assets (Group and Company) Group - refer to note 10 Taxation, note 21 Deferred tax and note 2 to the financial statements – critical accounting judgements and key sources of estimation uncertainty. Company - refer to note 12 Deferred tax and note 2.15 to the financial statements. The Group and Company have gross deferred tax asset balances of $22.0m (2020: $8.9m) and £6m (2020: £nil) respectively. This includes $8.6m (2020: $4.5m) in relation to trading losses which can be offset against future taxable profits in various jurisdictions in which the Group operates and £3.9m (2020: £nil) for the Company. It further includes $13.4m (2020: $4.4m) relating to short-term timing differences, accelerated depreciation and share-based payments. We focused on this area because of the magnitude of the balance and the judgement involved in estimating the timing and quantum of future tax cash flows supporting the recoverability of the deferred tax assets.	We undertook the following procedures: ▸ We assessed the availability of estimated future taxable income to utilise the recognised carry forward losses and the reversal of temporary deferred tax differences by comparing the estimated cash flows to the latest Board approved budgets and the cash flows used in determining the annual goodwill impairment test for the Group. ▸ We verified the mathematical accuracy of the calculations and that the methodology used was in line with the requirements of IAS 12. ▸ We obtained and evaluated corroborative evidence supporting the future cash flow forecasts which included the short and long term growth rates. The growth rates used were consistent with the goodwill impairment assessment. We consider the recognition of the deferred tax assets appropriate taking into account the expected use of the losses against future taxable profits. Due to the continued trading improvement of the Group and improved future outlook despite Covid-19, deferred tax assets have been recognised appropriately.
Impact of Covid-19 (Group and Company) Disclosure of the risk to the Group and Company of Covid-19 and management's conclusions on going concern has been included within the Strategic Report and note 2 of the financial statements. Covid-19 was declared a pandemic by the World Health Organisation on 11 March 2020 and the ongoing response is having an unprecedented impact on the global economy. Management have set out in the Annual Report the impact that Covid-19 has had on the Group and the Company and the actions that they have taken, and continue to take, to address the pandemic and its effect on the operations. The extent of the negative impact of the pandemic on future trading performance is unclear and measurement of the impact as it relates to the financial statements entails a significant degree of estimation uncertainty. The Directors considered the impact of the pandemic on the Group's operations, cash flows and the carrying amount of long-term assets and receivables, as well as a need to recognise additional liabilities. As part of this assessment, the Directors modelled various downside scenarios to their base case budgets taking into account the possible effects of Covid-19 on the operations and their going concern assessment. Having taken into account these scenarios and a robust assessment of planned and possible mitigating actions, the Directors concluded that the Group remains a going concern and that there is no material uncertainty in respect of this conclusion. We determined the Directors' consideration of the impact of Covid-19 to be a key audit matter.	We obtained management's detailed Covid-19 impact assessment and evaluated the key judgements and estimates made by management in determining potential outcomes for the Group. We undertook the following procedures: ▸ We considered the potential impact on the balance sheet, specifically around investments, goodwill, trade receivables and inventory and do not consider there to be any indicators of material impairment as at the balance sheet date or subsequently (for disclosure only). ▸ We reviewed management's disclosures relating to the potential impact of Covid-19 and found them to be consistent with the downside scenarios performed. The procedures we performed to evaluate the Directors' going concern assessment, and our conclusions, are set out in the "Conclusions relating to going concern" section below. Overall, we consider the position taken by management to be appropriate.

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 at the statutory reporting unit level 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. As Covid-19 prevented travel to any countries where our component auditors are based, we were unable to make site visits as planned; we instead conducted our oversight of the component teams through conference calls, video conferencing and remote working paper reviews as well as remote face to face meetings with local management and our component teams 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 10 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 87% of revenue, 80% of profit before tax, interest and adjusting items and share based payments, 100% of adjusting items, 81% of interest payable and over 71% of net assets of the Group. Desktop review procedures were performed on a further 10 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
Overall materiality	$1,750,000 (2020: $1,500,000).	£500,000 (2020: £489,000).
How we determined it	Approximately 4% of profit before tax, interest, adjusting items and share-based payments	1% of total assets and capped at Group component materiality
Rationale for benchmark applied	We consider profit before tax, interest, 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.	1% of 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 $300,000 and $1,000,000. 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% of overall materiality, amounting to $1,312,500 for the Group financial statements and £375,000 for the Company financial statements.

In determining the performance materiality, we considered a number of factors - the history of misstatements,

Independent Auditors' Report to the Members of Volex Plc

risk assessment and aggregation risk and the effectiveness of controls - and concluded that an amount in 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 $87,500 (Group audit) (2020: $75,000) and £25,000 (Company audit) (2020: £24,000) 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's 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's cash flow forecasts under various downside scenarios, including a severe but plausible downside scenario, evaluating the assumptions used, and verifying that the Group is able to maintain liquidity within the going concern period under these scenarios;
- Testing the model for mathematical accuracy; 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.

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 52 week period ended 4 April 2021 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 tax legislation and employment law, state and federal laws and regulations 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. 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.

Timothy McAllister
Senior Statutory Auditor

for and on behalf of PricewaterhouseCoopers LLP

Chartered Accountants and Statutory Auditors

London

17 June 2021

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Financials

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Consolidated Income Statement
For the 52 weeks ended 4 April 2021 (53 weeks ended 5 April 2020)

		2021			2020		
	Notes	Before adjusting items and share-based payments $'000	Adjusting items and share-based payments (Note 4) $'000	Total $'000	Before adjusting items and share-based payments $'000	Adjusting items and share-based payments (Note 4) $'000	Total $'000
Revenue	3	**443,313**	**–**	**443,313**	391,354	–	391,354
Cost of sales		**(339,437)**	**–**	**(339,437)**	(300,693)	–	(300,693)
Gross profit		**103,876**	**–**	**103,876**	90,661	–	90,661
Operating expenses		**(60,980)**	**(12,179)**	**(73,159)**	(59,031)	(14,545)	(73,576)
Operating profit		**42,896**	**(12,179)**	**30,717**	31,630	(14,545)	17,085
Share of net profit from associates and joint ventures	16	**827**	**–**	**827**	–	–	–
Finance income	5	**310**	**–**	**310**	328	–	328
Finance costs	6	**(2,485)**	**–**	**(2,485)**	(1,552)	–	(1,552)
Profit on ordinary activities before taxation		**41,548**	**(12,179)**	**29,369**	30,406	(14,545)	15,861
Taxation	10	**7,267**	**2,251**	**9,518**	(3,504)	2,339	(1,165)
Profit for the period attributable to the owners of the parent	7	**48,815**	**(9,928)**	**38,887**	26,902	(12,206)	14,696
Earnings per share (cents)							
Basic	11	**32.1**		**25.5**	18.2		9.9
Diluted	11	**30.0**		**23.9**	17.3		9.5

The notes on pages 103 to 146 are an integral part of these financial statements.

Consolidated Statement of Comprehensive Income

For the 52 weeks ended 4 April 2021 (53 weeks ended 5 April 2020)

	Notes	2021 $'000	2020 $'000
Profit for the period		**38,887**	14,696
Items that will not be reclassified subsequently to profit or loss			
Actuarial loss on defined benefit pension schemes	29	**(1,121)**	(1,343)
Tax relating to items that will not be reclassified		**544**	–
		(577)	(1,343)
Items that may be reclassified subsequently to profit or loss			
Gain/(loss) arising on cash flow hedges during the period		**1,895**	(2,266)
Share of other comprehensive income of associates and joint ventures accounted for using the equity method		**37**	–
Exchange gain on translation of foreign operations		**3,128**	151
Tax relating to items that may be reclassified		**316**	–
		5,376	(2,115)
Other comprehensive income/(expense) for the period		**4,799**	(3,458)
Total comprehensive income for the period attributable to the owners of the parent		**43,686**	11,238

The notes on pages 103 to 146 are an integral part of these financial statements.

Consolidated Statement of Financial Position

As at 4 April 2021 (5 April 2020)

	Notes	2021 $'000	2020 $'000
Non-current assets			
Goodwill	12	**65,558**	25,760
Other intangible assets	13	**39,570**	15,537
Property, plant and equipment	14	**32,394**	21,565
Right of use asset	15	**17,961**	8,345
Interests in associates and joint ventures	16	**866**	–
Other receivables	18	**4,451**	4,488
Deferred tax assets	21	**21,967**	8,955
		182,767	84,650
Current assets			
Inventories	17	**76,886**	57,995
Trade receivables	18	**100,305**	56,382
Other receivables	18	**10,313**	7,987
Current tax assets		**2,817**	2,154
Derivative financial instruments	30	**411**	–
Cash and bank balances	27	**36,551**	32,305
		227,283	156,823
Total assets		**410,050**	241,473
Current liabilities			
Borrowings	19	**9,556**	225
Lease liabilities	19	**4,567**	3,498
Trade payables	20	**72,137**	39,653
Other payables	20	**56,393**	38,453
Current tax liabilities		**9,520**	8,384
Retirement benefit obligations	29	**1,110**	982
Provisions	22	**1,801**	834
Derivative financial instruments	30	**38**	1,819
		155,122	93,848
Net current assets		**72,161**	62,975
Non-current liabilities			
Borrowings		**34,238**	–
Non-current lease liabilities	19	**15,454**	7,385
Other payables	20	**9,084**	570
Deferred tax liabilities	21	**7,845**	6,130
Retirement benefit obligations	29	**4,099**	2,492
Provisions	22	**288**	516
		71,008	17,093
Total liabilities		**226,130**	110,941
Net assets		**183,920**	130,532
Equity attributable to owners of the parent			
Share capital	23	**61,969**	60,189
Share premium account	23	**60,856**	46,414
Non-distributable reserve	24	**2,455**	2,455
Hedging and translation reserve		**(4,130)**	(9,506)
Own shares	24	**(3,257)**	(1,024)
Retained earnings		**66,027**	32,004
Total equity		**183,920**	130,532

The notes on pages 103 to 146 are an integral part of these financial statements. The consolidated financial statements on pages 98 to 146 of Volex plc (company number: 158956) were approved by the Board of Directors and authorised for issue on 17 June 2021 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 4 April 2021 (53 weeks ended 5 April 2020)

	Share capital $'000	Share premium account $'000	Non-distributable reserves $'000	Hedging and translation reserve $'000	Own shares $'000	Retained earnings $'000	Total equity $'000
Balance at 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	–	–	–	–	–	14,696	14,696
Other comprehensive expense for the period	–	–	–	(2,115)	–	(1,343)	(3,458)
Total comprehensive (expense)/ income for the period	–	–	–	(2,115)	–	13,353	11,238
Share issue	1,315	1,882	–	–	–	–	3,197
Exercise of deferred bonus shares	82	–	–	–	–	(82)	–
Own shares sold/(utilised) in the period	–	–	–	–	2,630	(6,514)	(3,884)
Own shares purchased in the period	–	–	–	–	(1,764)	–	(1,764)
Dividend	–	–	–	–	–	(1,956)	(1,956)
Credit to equity for equity-settled share-based payments	–	–	–	–	–	8,053	8,053
Balance at 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	**–**	**–**	**–**	**–**	**–**	**38,887**	**38,887**
Other comprehensive income/ (expense) for the period	**–**	**–**	**–**	**5,376**	**–**	**(577)**	**4,799**
Total comprehensive income for the period	**–**	**–**	**–**	**5,376**	**–**	**38,310**	**43,686**
Share issue	**1,647**	**14,442**	**–**	**–**	**–**	**–**	**16,089**
Exercise of deferred bonus shares	**133**	**–**	**–**	**–**	**–**	**(133)**	**–**
Own shares sold/(utilised) in the period	**–**	**–**	**–**	**–**	**1,726**	**(3,076)**	**(1,350)**
Own shares purchased in the period	**–**	**–**	**–**	**–**	**(3,959)**	**–**	**(3,959)**
Dividend	**–**	**–**	**–**	**–**	**–**	**(6,016)**	**(6,016)**
Credit to equity for equity-settled share-based payments	**–**	**–**	**–**	**–**	**–**	**77**	**77**
Tax effect of share options	**–**	**–**	**–**	**–**	**–**	**4,861**	**4,861**
Balance at 4 April 2021	**61,969**	**60,856**	**2,455**	**(4,130)**	**(3,257)**	**66,027**	**183,920**

Consolidated Statement of Cash Flows
For the 52 weeks ended 4 April 2021 (53 weeks ended 5 April 2020)

	Notes	2021 $'000	2020 $'000
Net cash generated from/(used in) operating activities	27	**38,695**	51,735
Cash flow generated from/(used in) investing activities			
Interest received	5	**30**	22
Acquisition of businesses, net of cash acquired	34	**(40,927)**	(22,701)
Contingent consideration for businesses acquired	34	**(1,281)**	(2,850)
Proceeds on disposal of intangible assets, property, plant and equipment		**378**	564
Purchases of property, plant and equipment		**(7,685)**	(4,910)
Purchases of intangible assets		**(132)**	(40)
Proceeds from the repayment of preference shares	16	**50**	25
Net cash used in investing activities		**(49,567)**	(29,890)
Cash flows before financing activities		**(10,872)**	21,845
Cash generated/(used) before adjusting items		**(10,505)**	23,251
Cash utilised in respect of adjusting items		**(367)**	(1,406)
Cash flow (used in)/generated from financing activities			
Dividend paid	25	**(6,016)**	(1,956)
Net purchase of shares for share schemes		**(9,046)**	(4,634)
Refinancing costs paid	26	**(1,143)**	(659)
New bank loans raised	26	**37,219**	7,000
Repayment of borrowings	26	**(3,143)**	(7,056)
Inflow from factoring	26	**469**	–
Interest element of lease payments	26	**(684)**	(553)
Receipt from lease debtor		**538**	499
Capital element of lease payments	26	**(3,681)**	(3,150)
Net cash generated from/(used in) financing activities		**14,513**	(10,509)
Net increase in cash and cash equivalents		**3,641**	11,336
Cash and cash equivalents at beginning of period	27	**31,649**	20,593
Effect of foreign exchange rate changes	26	**1,261**	(280)
Cash and cash equivalents at end of period	27	**36,551**	31,649

The notes on pages 103 to 146 are an integral part of these financial statements.

Notes to the Financial Statements

For the 52 weeks ended 4 April 2021 (53 weeks ended 5 April 2020)

1. Presentation of financial statements

Volex plc ('the Company' and together with its subsidiaries 'the Group') is a public company limited by shares incorporated under the Companies Act 2006 and domiciled in the United Kingdom. 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 49.

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. 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

The financial statements have been prepared in accordance with 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 Group cash flow forecast for the period to 30 September 2022, which is based on the FY2022 Board-approved budget. The Directors have sensitised the cash flow forecast using scenarios that take into account the principal risks and uncertainties set out on pages 36 to 40 of the Annual Report and the potential future impact from Covid-19. This sensitivity analysis includes a severe but plausible downside scenario which models a 10% reduction in revenue on the Group's base case.

Based on their assessment and these sensitivity scenarios, the Directors are satisfied that 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 5 April 2021 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 Volex 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.

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. Acquisition-related costs are recognised in profit or loss as incurred.

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.

Notes to the Financial Statements

For the 52 weeks ended 4 April 2021 (53 weeks ended 5 April 2020)

2. Significant accounting policies continued

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.

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.

2. Significant accounting policies continued

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.

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.

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.

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.

Notes to the Financial Statements
For the 52 weeks ended 4 April 2021 (53 weeks ended 5 April 2020)

2. Significant accounting policies continued
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	less than 1 year
Customer relationship	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 (if any). 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.

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.

2. Significant accounting policies continued

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 4 April 2021 (53 weeks ended 5 April 2020)

2. 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 in 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 sump 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. 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 revenue 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 uncollectable 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.

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 4 April 2021 (53 weeks ended 5 April 2020)

2. Significant accounting policies continued
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 30 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.

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 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.

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 $5,550,000 (2020: $5,808,000). 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.

2. Significant accounting policies continued

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.

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 4 April 2021, the Group had net inventories of $76,886,000 (2020: $57,995,000).

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.

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).

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.

Equity-settled share-based payments

As explained in note 28, the Group operates four equity-settled shared-based payments arrangement. The Group settled certain awards in cash during the period due to specific circumstances deemed appropriate by the remuneration committee. The group's intention is that all share-based payment awards will be equity settled going forward. The nature of the awards has not changed in the period.

3. Segment information

During the year, the Group changed its reporting format to focus on the regional performance of Asia, Europe and North America. Following acquisitions over the past few years, senior management's responsibility has become more aligned to geographic lines. Increased investment in our production facilities and capabilities has seen diversification of products in a number of our sites. 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 4 April 2021. These segments are discussed in the Performance Review on pages 28 to 31. The change in reporting structure has not resulted in a change to the Group's previously reported cash generating units ('CGUs').

The accounting policies of the operating segments are the same as those described in the summary of significant accounting policies on pages 103 to 111. 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 4 April 2021 (53 weeks ended 5 April 2020)

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

	52 weeks to 4 April 2021		53 weeks to 5 April 2020	
	Revenue $'000	Profit/(loss) $'000	RESTATED[1] Revenue $'000	RESTATED[1] Profit/(loss) $'000
North America	**203,102**	**19,808**	169,901	18,861
Asia	**133,750**	**14,128**	132,029	8,937
Europe	**106,461**	**15,432**	89,424	9,596
Unallocated Central costs	**–**	**(6,472)**	–	(5,764)
Divisional results before share-based payments and adjusting items	**443,313**	**42,896**	391,354	31,630
Adjusting operating items		**(5,550)**		(5,808)
Share-based payment charge (see note 28)		**(6,629)**		(8,737)
Operating profit		**30,717**		17,085
Share of net profit from associates and joint ventures		**827**		–
Finance income		**310**		328
Finance costs		**(2,485)**		(1,552)
Profit before taxation		**29,369**		15,861
Taxation		**9,518**		(1,165)
Profit after taxation		**38,887**		14,696

1. Restatement: the prior year amounts have been restated to be consistent with the current year presentation and segments

The accounting policies of the reportable segments are in accordance with the Group's accounting policies. The adjusting operating items charge of $5,550,000 (2020: $5,808,000) was split $2,277,000 (2020: $2,950,000) to North America, $3,431,000 (2020: $2,800,000) to Europe, a credit $158,000 in Asia (2020: $58,000) and $nil (2020: nil) to Central.

Regional 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:

Depreciation and amortisation	2021 $'000	2020 $'000
North America	**3,571**	2,747
Asia	**2,352**	2,135
Europe	**1,872**	1,446
Central	**90**	191
	7,885	6,519

Information about major customers
One (2020: one) of the Group's customers individually accounts for more than 10% of total Group revenue. This customer operates in the medical sector and accounts for 15% (2020: 17%) of total Group revenue.

3. Segment information continued

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	
	2021 $'000	RESTATED 2020 $'000	2021 $'000	2020 $'000
North America	**203,102**	169,901	**23,130**	25,826
Asia	**133,750**	132,029	**25,710**	21,469
Europe	**106,461**	89,424	**111,960**	28,400
	443,313	391,354	**160,800**	75,695

Revenue is attributed to countries on the basis of the geographical location of the customer and delivery of the product. Revenue derived from the United Kingdom was $89,198,000 (2020: $79,447,000).

4. Adjusting items and share-based payments

	2021 $'000	2020 $'000
Acquisition costs	**367**	156
Adjustment to fair value of contingent consideration	**(158)**	–
Amortisation of acquired intangibles	**5,204**	5,652
Pension past service costs	**137**	–
Total adjusting operating items	**5,550**	5,808
Share-based payments (see note 28)	**6,629**	8,737
Total adjusting items and share-based payments before tax	**12,179**	14,545
Tax effect of adjusting items and share-based payments (see note 10)	**(2,251)**	(2,339)
Total adjusting items and share-based payments after tax	**9,928**	12,206

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

During the current year, the Group has not incurred any restructuring costs (2020: nil).

Acquisition-related costs of $367,000 (2020: $156,000) relate to the acquisition of De-Ka Elektroteknik Sanayi ve Ticaret Anonim Şirketi (2020: $98,000 Servatron Inc and $58,000 Ta Hsing Industries Limited). These costs are in respect of legal and professional fees associated with the transaction.

The adjustment to the fair value of contingent consideration is in respect of the acquisition of Ta Hsing Industries Limited. A lower amount was paid to the vendors than initial measurement due to certain holdback adjustments.

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 $5,204,000 (2020: $5,652,000) for the period, split $695,000 for De-Ka Elektroteknik Sanayi ve Ticaret Anonim Şirketi, $2,222,000 (2020: $2,747,000) for Servatron Inc, $1,130,000 (2020: $1,357,000) for Silcotec Europe Limited, $55,000 (2020: $106,000) for MC Electronics LLC and $1,102,000 (2020: $1,442,000) for GTK (Holdco) Limited.

In 2019, the Group recognised a pension past service cost of $480,000 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 $137,000 in 2021 arises 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.

Notes to the Financial Statements
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5. Finance income

	2021 $'000	2020 $'000
Interest on bank deposits	**16**	16
Lease interest income	**99**	116
Interest on preference shares	**195**	196
	310	328

Finance income earned on financial assets was derived from loans and receivables (including cash and bank balances) only. No other gains or losses have been recognised in respect of loans and receivables other than those disclosed above and impairment losses recognised in respect of trade receivables (see note 18).

6. Finance costs

	Notes	2021 $'000	2020 $'000
Interest on bank overdrafts and loans		**608**	559
Lease interest payable		**684**	553
Net interest expense on defined benefit obligations	29	**138**	47
Unwinding of deferred consideration		**374**	154
Total interest costs		**1,804**	1,313
Amortisation of debt issue costs	26	**681**	239
Total finance costs		**2,485**	1,552

No gains or losses have been recognised on financial liabilities measured at amortised cost (including bank overdrafts and loans) other than those disclosed above.

On 12 November 2020 the Group entered into a new banking facility. Included within the amortisation of debt issue costs is a $413,000 write-off of capitalised costs related to the previous facility. See note 30 for further details of the new facility.

7. Profit for the period
Profit for the period has been arrived at after charging/(crediting):

	Notes	2021 $'000	2020 $'000
Net foreign exchange loss/(gain)		**1,288**	(431)
Research and development costs		**3,156**	2,574
Depreciation of property, plant and equipment	14	**4,613**	3,643
Depreciation and impairment of right-of-use assets	15	**3,172**	2,714
Amortisation of intangible assets	13	**5,304**	5,749
Cost of inventories recognised as an expense		**250,318**	220,587
Write-down of inventories recognised as an expense		**1,115**	2,317
Reversal of write-downs of inventories recognised in the period		**(389)**	(756)
Staff costs	9	**95,826**	90,247
Impairment loss recognised on trade receivables	18	**73**	938
Reversal of impairment losses recognised on trade receivables	18	**(129)**	(64)
Loss on disposal of property, plant and equipment		**135**	839

7. Profit for the period continued

Research and development costs disclosed above comprise the following:

	2021 $'000	2020 $'000
Employment costs	**2,167**	2,308
Raw materials and consultancy	**904**	513
Other	**85**	60
	3,156	2,881

In the current year, no development costs were capitalised (2020: nil).

Reconciliation of operating profit to underlying EBITDA (earnings before interest, tax, depreciation and amortisation, adjusting items and share-based payment charge):

	2021 $'000	2020 $'000
Operating profit	**30,717**	17,085
Add back:		
Adjusting operating items	**5,550**	5,808
Share-based payment charge	**6,629**	8,737
Underlying operating profit	**42,896**	31,630
Depreciation of property, plant and equipment (note 14)	**4,613**	3,643
Depreciation of right-of-use assets (note 15)	**3,172**	2,714
Impairment of right-of-use assets (note 15)	**–**	65
Amortisation of intangible assets not acquired in a business combination (note 13)	**100**	97
Underlying EBITDA	**50,781**	38,149

8. Auditors' remuneration

The analysis of auditors' remuneration is as follows:

	2021 $'000	2020 $'000
Fees payable to the Company's auditors for the audit of the Company's annual financial statements	**351**	325
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	**496**	403
Total audit fees	**847**	728
Other services	**171**	2
Total non-audit fees	**171**	2

Other services include due diligence services performed in relation to the acquisition of DE-KA.

Notes to the Financial Statements
For the 52 weeks ended 4 April 2021 (53 weeks ended 5 April 2020)

9. Staff costs
The average monthly number of employees (including Executive Directors) was:

	2021 No.	2020 No.
Production	**5,482**	5,340
Sales and distribution	**386**	369
Administration	**485**	449
	6,353	6,158

Their aggregate remuneration comprised:

	2021 $'000	2020 $'000
Wages and salaries	**80,557**	72,323
Social security costs	**8,189**	8,697
Share-based payment charge (note 28)	**6,629**	8,737
Other pension costs (note 29)	**451**	490
	95,826	90,247

Remuneration of key management – Directors of the parent Company	2021 $'000	2020 $'000
Short-term employee benefits	**1,394**	1,447
Post-employment benefits	**110**	82
Compensation for loss of office	**910**	–
Share-based payment charge	**516**	940
	2,930	2,469

10. Taxation

	2021			2020		
	Before adjusting items $'000	Adjusting items and share-based payments $'000	Total $'000	Before adjusting items $'000	Adjusting items and share-based payments $'000	Total $'000
Current tax – expense for the period	**(3,911)**	**41**	**(3,870)**	(9,525)	907	(8,618)
Current tax – adjustment in respect of previous periods	**231**	**–**	**231**	663	–	663
Current tax – impact of S965 on deferred foreign income	**–**	**–**	**–**	1,134	–	1,134
Total current tax	**(3,680)**	**41**	**(3,639)**	(7,728)	907	(6,821)
Deferred tax – credit for the period	**10,801**	**2,147**	**12,948**	5,061	1,432	6,493
Deferred tax – adjustment in respect of previous periods	**146**	**63**	**209**	(837)	–	(837)
Total deferred tax (note 21)	**10,947**	**2,210**	**13,157**	4,224	1,432	5,656
Income tax credit/(expense)	**7,267**	**2,251**	**9,518**	(3,504)	2,339	(1,165)

UK corporation tax is calculated at 19% (2020: 19%) of the estimated assessable profit for the period. Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

10. Taxation continued

The credit/(expense) for the period can be reconciled to the profit per the income statement as follows:

	2021 Before adjusting items $'000	2021 Adjusting items and share-based payments $'000	2021 Total $'000	2020 Before adjusting items $'000	2020 Adjusting items and share-based payments $'000	2020 Total $'000
Profit before tax	**41,548**	**(12,179)**	**29,369**	30,406	(14,545)	15,861
Tax at the UK corporation tax rate	**(7,894)**	**2,314**	**(5,580)**	(5,777)	2,763	(3,014)
Tax effect of:						
Expenses that are not deductible and income that is not taxable in determining taxable profit	**2,362**	**(859)**	**1,503**	(6,092)	(249)	(6,341)
Adjustment in respect of previous periods	**377**	**63**	**440**	960	–	960
Overseas tax rate differences	**(409)**	**112**	**(297)**	(349)	334	(15)
Current year tax losses and other items not recognised	**(94)**	**(24)**	**(118)**	(791)	(617)	(1,408)
Recognition of previously unrecognised deferred tax assets	**12,925**	**645**	**13,570**	8,545	108	8,653
Income tax credit/(expense)	**7,267**	**2,251**	**9,518**	(3,504)	2,339	(1,165)

The table above has been reconfigured from that in the prior year to provide improvements to the disclosure and consistency of the columns and signage to the rest of the note.

Included in the non-deductible tax items is an increase to uncertain tax provisions of $391,000 (2020: $5,776,000). 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 credit reported directly in equity of $4,861,000 (2020: nil) relates to share-based payments and consists of current tax of $885,000 (2020: nil) and deferred tax of $3,976,000 (2020: nil).

11. Earnings per Ordinary share

The calculation of the basic and diluted earnings per share is based on the following data:

	Notes	2021 $'000	2020 $'000
Profit for the purpose of basic and diluted earnings per share being net profit attributable to equity holders of the parent		**38,887**	14,696
Adjustments for:			
Adjusting items	4	**5,550**	5,808
Share-based payment charge	28	**6,629**	8,737
Tax effect of adjusting items and share-based payments		**(2,251)**	(2,339)
Underlying earnings		**48,815**	26,902

	2021 No. shares	2020 No. shares
Weighted average number of Ordinary shares for the purpose of basic earnings per share	**152,230,980**	148,057,993
Effect of dilutive potential Ordinary shares/share options	**10,288,152**	7,339,875
Weighted average number of Ordinary shares for the purpose of diluted earnings per share	**162,519,132**	155,397,868

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11. Earnings per Ordinary share continued

Basic earnings per share	2021 cents	2020 cents
Basic earnings per share	**25.5**	9.9
Adjustments for:		
Adjusting items	**3.7**	3.9
Share-based payment charge	**4.4**	6.0
Tax effect of adjusting items and share-based payments	**(1.5)**	(1.6)
Underlying basic earnings per share	**32.1**	18.2

Diluted earnings per share	2021 cents	2020 cents
Diluted earnings per share	**23.9**	9.5
Adjustments for:		
Adjusting items	**3.4**	3.7
Share-based payment charge	**4.1**	5.6
Tax effect of adjusting items and share-based payments	**(1.4)**	(1.5)
Underlying diluted earnings per share	**30.0**	17.3

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.

12. Goodwill

	2021 $'000	2020 $'000
Cost		
At the beginning of the period	**28,108**	20,028
Business combinations (note 34)	**39,079**	9,131
Exchange differences	**1,026**	(1,051)
At the end of the period	**68,213**	28,108
Accumulated impairment losses		
At the beginning of the period	**2,348**	2,497
Impairment	**–**	–
Exchange differences	**307**	(149)
At the end of the period	**2,655**	2,348
Carrying amount at the end of the period	**65,558**	25,760
Carrying amount at the beginning of the period	**25,760**	17,531

12. Goodwill continued

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:

	2021 $'000	2020 $'000
DE-KA	**37,909**	–
Servatron	**7,563**	7,563
Ta Hsing	**1,568**	1,568
GTK	**10,628**	9,402
Silcotec	**4,343**	3,979
MC Electronics	**953**	953
Volex North America	**1,980**	1,752
Volex Europe	**614**	543
	65,558	25,760

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 cyclicality of the business in which the CGU operates. Cash flows beyond the five-year period are extrapolated in perpetuity using a growth rate in line with long-term market expectations.

The rate used to discount the forecast cash flows is a pre-tax discount rate of 10.9% (2020: 13.6%), which reflects the Group's estimated cost of capital.

Notes to the Financial Statements

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13. Other intangible assets

Group	Acquired patents $'000	Capitalised development costs $'000	Software and licences $'000	Customer contracts and relationships $000	Total $'000
Cost					
At 1 April 2019	1,243	3,128	4,108	12,891	21,370
Business combinations	–	–	49	10,500	10,549
Additions	–	–	40	–	40
Disposals	–	–	–	–	–
Exchange differences	(74)	(128)	(196)	(602)	(1,000)
At 5 April 2020	1,169	3,000	4,001	22,789	30,959
Business combinations	**–**	**–**	**28**	**29,294**	**29,322**
Additions	**–**	**–**	**150**	**–**	**150**
Disposals	**–**	**–**	**(77)**	**–**	**(77)**
Exchange differences	**153**	**262**	**368**	**419**	**1,202**
At 4 April 2021	**1,322**	**3,262**	**4,470**	**52,502**	**61,556**
Accumulated amortisation and impairment					
At 1 April 2019	1,243	3,128	3,922	1,962	10,255
Amortisation charge for the period	–	–	97	5,652	5,749
Disposals	–	–	–	–	–
Exchange differences	(74)	(128)	(190)	(190)	(582)
At 5 April 2020	1,169	3,000	3,829	7,424	15,422
Amortisation charge for the period	**–**	**–**	**100**	**5,204**	**5,304**
Disposals	**–**	**–**	**(77)**	**–**	**(77)**
Exchange differences	**153**	**262**	**366**	**556**	**1,337**
At 4 April 2021	**1,322**	**3,262**	**4,218**	**13,184**	**21,986**
Carrying amount					
At 4 April 2021	**–**	**–**	**252**	**39,318**	**39,570**
At 5 April 2020	–	–	172	15,365	15,537
At 31 March 2019	–	–	186	10,929	11,115

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 34.

Customer contracts and relationships include two businesses with individually significant customer-related assets, DE-KA acquired in February 2021 and based in Europe and Servatron acquired in July 2019 and based in North America. The net book value of customer relationships in DE-KA as at 4 April 2021 was $24,439,000 with a remaining useful economic life of 14.9 years, and the order backlog was $3,300,000 with a remaining useful economic life of 0.9 years. The net book value of customer relationships in Servatron as at 4 April 2021 was $5,531,000 (2020: $7,753,000) with a remaining useful economic life of 2.6 years (2019: 3.6 years).

14. Property, plant and equipment

Group	Freehold land and buildings $'000	Leasehold improvements $'000	Plant and machinery $'000	Assets under construction $'000	Total $'000
Cost					
At 31 March 2019	3,106	12,742	57,300	–	73,148
Additions	142	943	2,612	1,298	4,995
Business combination	–	156	1,317	–	1,473
Disposals	–	(3,890)	(12,375)	–	(16,265)
Exchange differences	(122)	(113)	(589)	–	(824)
At 5 April 2020	3,126	9,838	48,265	1,298	62,527
Additions	**3**	**20**	**3,776**	**3,879**	**7,678**
Business combination	**–**	**–**	**8,203**	**–**	**8,203**
Disposals	**–**	**–**	**(2,660)**	**–**	**(2,660)**
Exchange differences	**289**	**126**	**(303)**	**–**	**112**
At 4 April 2021	**3,418**	**9,984**	**57,281**	**5,177**	**75,860**
Accumulated depreciation and impairment					
At 31 March 2019	174	7,573	44,981	–	52,728
Depreciation charge for the period	253	515	2,875	–	3,643
Disposals	–	(3,431)	(11,431)	–	(14,862)
Exchange differences	(14)	(90)	(443)	–	(547)
At 5 April 2020	413	4,567	35,982	–	40,962
Depreciation charge for the period	**262**	**554**	**3,797**	**–**	**4,613**
Disposals	**–**	**–**	**(2,146)**	**–**	**(2,146)**
Exchange differences	**40**	**105**	**(108)**	**–**	**37**
At 4 April 2021	**715**	**5,226**	**37,525**	**–**	**43,466**
Carrying amount					
At 4 April 2021	**2,703**	**4,758**	**19,756**	**5,177**	**32,394**
At 5 April 2020	2,713	5,271	12,283	1,298	21,565
At 31 March 2019	2,932	5,169	12,319	–	20,420

At 4 April 2021, the Group had $1,593,000 (2020: $621,000) contractual commitments for the acquisition of property, plant and equipment.

Of the $4,613,000 (2020: $3,643,000) depreciation charge for the period, $3,901,000 (2020: $2,889,000) was expensed through cost of sales and $712,000 (2020: $754,000) was expensed through operating expenses.

The Group recognised a fair value uplift of $5,102,000 in relation to plant and machinery acquired with DE-KA (see note 34 for further details).

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15. Right-of-use assets

	Buildings $'000	Vehicles $'000	Other $'000	Total $'000
Cost				
At 31 March 2019	–	–	–	–
Impact of adoption of IFRS 16	2,890	385	172	3,447
Adjusted balance at 1 April 2019	2,890	385	172	3,447
Additions	4,348	27	69	4,444
Business combination	2,799	–	1,044	3,843
Disposals	(8)	–	–	(8)
Exchange differences	(639)	(65)	(38)	(742)
At 5 April 2020	9,390	347	1,247	10,984
Additions	**3,151**	**316**	**20**	**3,487**
Business combination	**9,261**	**–**	**–**	**9,261**
Disposals	**(667)**	**(150)**	**(13)**	**(830)**
Exchange differences	**54**	**89**	**75**	**218**
At 4 April 2021	**21,189**	**602**	**1,329**	**23,120**
Accumulated depreciation and impairment				
At 31 March 2019	–	–	–	–
Depreciation charge for the period	2,192	196	326	2,714
Impairment	65	–	–	65
Disposals	(8)	–	–	(8)
Exchange differences	(128)	(4)	–	(132)
At 5 April 2020	2,121	192	326	2,639
Depreciation charge for the period	**2,572**	**259**	**341**	**3,172**
Impairment	**–**	**–**	**–**	**–**
Disposals	**(667)**	**(150)**	**(13)**	**(830)**
Exchange differences	**165**	**15**	**(2)**	**178**
At 4 April 2021	**4,191**	**316**	**652**	**5,159**
Carrying amount				
At 4 April 2021	**16,998**	**286**	**677**	**17,961**
At 5 April 2020	7,269	155	921	8,345

The Group recognised right-of-use assets of $9,261,000 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.

During the prior period the Group impaired the remaining right-of-use asset associated with a production site in North America which was closed during the period.

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).

	2021 $'000	2020 $'000
Investment in associates:		
– Kepler SignalTek Limited	**866**	–
– Volex-Jem Co. Ltd	**–**	–
	866	–

Kepler SignalTek Limited

On 12 April 2017, the Group acquired 26.09% of the voting shares in Kepler SignalTek Limited (a company incorporated in Hong Kong) for consideration of $300,000. 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 Limited is set out below. The summarised information below represents amounts before intra-group eliminations.

	As at 4 April 2021 $'000	As at 5 April 2020 $'000
Current assets	**6,827**	3,277
Non-current assets	**997**	764
Current liabilities	**(2,887)**	(2,744)
Non-current liabilities	**(1,625)**	(1,675)
Net assets / (liabilities)	**3,312**	(378)

	Period to 4 April 2021 $'000	Period to 5 April 2020 $'000
Revenue	**16,013**	7,313
Profit for the period	**3,481**	293
Other comprehensive income for the period	**208**	(44)
Total comprehensive income for the period	**3,689**	249

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 4 April 2021 $'000	As at 5 April 2020 $'000
Net assets/(liabilities) of the associate	**3,312**	(378)
Proportion of the Group	**26%**	26%
Carrying amount of the Group's interest in Kepler SignalTek Limited	**866**	–

During the period, Kepler SignalTek redeemed $50,000 of the preference shares owned by Volex (see note 18).

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16. Interests in associates and joint ventures continued
Volex-Jem Co. Ltd

On 12 September 2017, the Group completed its 43% investment in Volex-Jem Co. Ltd, a Taiwanese holding company. Volex's investment took the form of cable certification with sufficient customer cables certified in order that a minimum cable production volume would pass through the joint arrangement. The costs associated with the certification process were $100,000. The Taiwanese holding company has a 70% shareholding in a Chinese manufacturing company. Under the joint agreement, Volex has the right to appoint one of three directors to the Board of the Taiwanese holding company.

The Group has announced its intentions to exit the venture.

17. Inventories

	2021 $'000	2020 $'000
Raw materials	**35,013**	31,070
Work in progress	**2,632**	2,480
Finished goods	**39,241**	24,445
	76,886	57,995

18. Trade and other receivables

Trade receivables	2021 $'000	2020 $'000
Amounts receivable for the sale of goods	**102,198**	57,822
Allowance for doubtful debts	**(1,893)**	(1,440)
	100,305	56,382
Other receivables		
Other debtors	**7,768**	6,238
Investment in finance lease	**1,408**	1,702
Preference shares due from related parties	**2,121**	1,990
Prepayments	**3,467**	2,545
	14,764	12,475
Due for settlement within 12 months	**10,313**	7,987
Due for settlement after 12 months	**4,451**	4,488
	14,764	12,475

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. 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. The Group considers that the held to collect business model remains appropriate for these receivables and hence continues measuring them at amortised cost.

During the current period $50,000 (2020: $25,000) of preference shares in Kepler SignalTek Limited were redeemed, with an additional repayment of $14,000 (2020: nil) accrued interest received. The remaining preference shares are expected to be redeemed by April 2022. As at the balance sheet date the Group has no further commitments (2020: nil).

The Directors consider that the carrying amount of trade and other receivables approximates their fair value.

In the prior period, upon adoption of IFRS 16 'Leases' an investment in finance lease asset was recognised in relation to the sublease of a vacant property in North America. The sublease payments match the payments under the head lease. Interest income of $99,000 (2020: $116,000) (note 5) and interest expense of $99,000 (2020: $116,000) (included within note 6) have been recognised in relation to the movement during the period. A corresponding lease liability was recognised in relation to the payments due under the head lease.

One (2020: one) of the Group's customers individually accounts for more than 10% of total Group revenue. The largest customer operates in the medical sector and accounts for 15% (2020: 17%) of total Group revenue. Other than this customer, the Group has no significant concentration of credit risk, with exposure spread over a large number of counterparties and customers. At 4 April 2021, the largest customer represented 7% of the net trade receivables (2020: 14%).

18. Trade and other receivables continued

The average credit period taken on sales of goods is 75 days (2020: 58 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 $8,714,000 (2020: $6,638,000) 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.

Ageing of past due but not impaired receivables	2021 $'000	2020 $'000
0–60 days	**8,095**	6,215
60–90 days	**392**	301
90–120 days	**119**	101
120+ days	**108**	21
	8,714	6,638

Movement in the allowance for doubtful debts	2021 $'000	2020 $'000
Balance at the beginning of the period	**1,440**	654
Amounts acquired on business combination	**549**	–
Amounts written off during the period	**(31)**	(25)
Amounts recovered during the period	**–**	1
Increase/(decrease) in allowance recognised in profit or loss	**(56)**	874
Exchange differences	**(9)**	(64)
Balance at the end of the period	**1,893**	1,440

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 one customer noted above (2020: 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, the Directors have considered the impact upon IFRS 9 and the Group's provision matrix. After consideration of historical loss rates, the movement in credit scores observed for a range of customers and the receivables acquired with DE-KA, the expected credit loss provision has been increased to $1,007,000 (2020: $841,000).

Ageing of impaired trade receivables	2021 $'000	2020 $'000
Current	**762**	646
0–60 days	**647**	249
60–90 days	**74**	29
90–120 days	**132**	85
120+ days	**278**	431
	1,893	1,440

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19. Borrowings and lease liabilities

	2021 $'000	2020 $'000
Unsecured borrowings at amortised cost		
Bank overdrafts	–	146
Secured borrowings at amortised cost		
Bank loans	**43,794**	79
Lease liabilities	**20,021**	10,883
Total borrowings at amortised cost	**63,815**	11,108
Amount due for settlement within 12 months	**14,123**	3,723
Amount due for settlement after 12 months	**49,692**	7,385
	63,815	11,108

Of the bank loans, $6,736,000 relate to factored receivables (see note 18) and $2,864,000 of loans acquired as part of the acquisition of DE-KA. Due to Covid-19 uncertainty in the period, the Group's North American operations applied for PPP ('Paycheck Protection Program') support loans in North America which totalled $2,584,000. The remaining bank loans and overdrafts are secured by a floating charge over the assets of key subsidiaries of Volex Plc. Subsequent to the year end, the PPP loans were forgiven (see note 33 for further details).

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.

At 4 April 2021 debt issue costs of $1,073,000 are included within bank loans. At 5 April 2020 debt issue costs of $510,000 were included within the bank overdraft balance shown above.

The total cash outflow for leases is $4,365,000 (2020: $3,703,000) comprising lease repayments of $3,681,000 (2020: $3,150,000) and $684,000 (2020: $553,000) of interest on lease. Interest on leases liabilities is shown in note 6 and the maturity of lease liabilities is shown in note 30.

The Group has outstanding commitments under short-term and low-value leases which fall due as follows:

	2021 USD	2020 USD
In less than one year	**457**	105

The weighted average interest rates paid on the Group's borrowings during the period were as follows:

	2021 %	2020 %
Bank loans and overdrafts	**1.6**	4.6

The Group started the period with a $30,000,000 multi-currency combined revolving overdraft and guarantee facility. The syndicate comprised Lloyds Bank plc and HSBC UK Bank plc. The facility included an additional $10,000,000 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. At the prior period end the amount available under the facility was $30,000,000.

On 12 November 2020 the Group signed a new, three-year $70,000,000 multi-currency revolving credit facility to replace the existing $30,000,000 credit facility. The facility consists of a $70,000,000 committed facility with a $30,000,000 accordion feature. The syndicate comprised HSBC UK Bank plc, J.P. Morgan Securities PLC and Citibank, N.A. 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 $192,269,000.

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.

19. Borrowings and lease liabilities continued

During the period, professional fees of $1,143,000 were incurred in relation to the new banking facility. Of this, $525,000 was paid to the syndicate. The $1,143,000 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.

During the prior period, professional fees of $659,000 were incurred in relation to the three-year extension of the facility. Of this, $225,000 was paid to the syndicate to agree to the extension. The $659,000 was capitalised and was being charged to the income statement on a straight-line basis over the facility term. Due to the refinancing that occurred in November 2020 the remaining debt issue costs associated to this facility were written off during the current period (see note 6).

At 4 April 2021, the facility incurred interest at a margin of 2.3% (2020: 2.3%) above LIBOR.

The Group has guarantees and letters of credit amounting to $286,000 (2020: $270,000) which are not included above. These are currently in the process of being transferred to the Group's new banking facility from the previous lenders.

Drawings under the facilities were made in various currencies. Total borrowings for the Group at 4 April 2021 can be analysed by currency as follows:

	2021 $'000	2020 $'000
USD	**24,084**	735
Euro	**20,783**	–
Pound sterling	**–**	–
	44,867	735
Less: debt issue costs (note 26)	**(1,073)**	(510)
	43,794	225

Undrawn borrowing facilities

At 4 April 2021, the Group had undrawn committed borrowing facilities available of $37,317,000 (2020: $29,730,000).

20. Trade and other payables

Trade payables	2021 $'000	2020 $'000
Trade payables	**72,137**	39,653
Other payables		
Other taxes and social security	**4,035**	3,934
Accruals and deferred income	**61,442**	35,089
	65,477	39,023
Due for settlement within 12 months	**56,393**	38,453
Due for settlement after 12 months	**9,084**	570
	65,477	39,023

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 $21,970,000 (2020: $3,617,000) relating to deferred and contingent consideration for acquisitions.

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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 $'000	Intangible assets $'000	Trading losses $'000	Accelerated tax depreciation $'000	Other short term timing differences $'000	Share-based payments $'000	Total $'000
At 31 March 2019	(2,762)	(1,024)	3,403	194	13	–	(176)
Acquisitions	–	(2,205)	–	(455)	50	–	(2,610)
(Charge)/credit to income statement	(100)	634	1,130	(83)	2,919	1,156	5,655
Exchange differences	–	243	–	(5)	(273)	(10)	(45)
At 5 April 2020	**(2,862)**	**(2,352)**	**4,533**	**(349)**	**2,709**	**1,146**	**2,825**
Acquisitions	**–**	**(5,858)**	**–**	**(1,393)**	**534**	**–**	**(6,717)**
Credit to income statement	**1,729**	**824**	**3,963**	**2,316**	**3,957**	**368**	**13,157**
Credit to other comprehensive income	**–**	**–**	**–**	**–**	**516**	**–**	**516**
Credit directly to equity	**–**	**–**	**–**	**–**	**–**	**3,976**	**3,976**
Exchange differences	**8**	**56**	**108**	**27**	**90**	**76**	**365**
At 4 April 2021	**(1,125)**	**(7,330)**	**8,604**	**601**	**7,806**	**5,566**	**14,122**

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:

	2021 $'000	2020 $'000
Deferred tax assets	**21,967**	8,955
Deferred tax liabilities	**(7,845)**	(6,130)
	14,122	2,825

At the balance sheet date, the Group had unused tax losses of $120,772,000 (2020: $126,303,000) available for offset against future profits. No deferred tax asset has been recognised in respect of $80,143,000 (2020: $107,239,000) of these losses.

Included in the unrecognised tax losses are losses of $10,865,000 (2020: $14,262,000) that cannot be carried forward indefinitely. Of this amount, $1,072,000 (2020: $9,286,000) 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 $21,967,000 (2020: $8,955,000) consists of $8,604,000 (2020: $4,533,000) tax losses, $5,565,000 (2020: $1,139,000) share options, $2,357,000 (2020: nil) fixed assets, $7,231,000 (2020: $2,658,000) short term timing items, and ($1,781,000) (2020: $625,000) intangible assets. The Group expects $6,155,000 (2020: $2,787,000) of the deferred tax assets and $1,096,000 (2020: $1,391,000) of the deferred tax liabilities (after offset) to be recovered within the next 12 months.

At the reporting date, a deferred tax liability of $1,125,000 (2020: $2,862,000) has been recognised relating to the unremitted earnings of overseas subsidiaries. No deferred tax liability is recognised on temporary differences of $42,571,000 (2020: $7,168,000) 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%. The change in tax rate will result in an estimated increase of $1,720,000 to the deferred tax asset held in respect of the Group's UK operations and may impact the Group's effective tax rate in future years.

As at 4 April 2021, the 19% UK corporate tax rate has been applied in the measurement of the Group's UK deferred tax assets and liabilities.

22. Provisions

	Property $'000	Corporate restructuring $'000	Other $'000	Total $'000
At 1 April 2019	487	63	889	1,439
Reclassification for lease liabilities (IFRS 16)	(248)	–	–	(248)
Adjusted balance at 1 April 2019	239	63	889	1,191
Charge in the period	63	–	405	468
Utilisation of provision	–	–	(276)	(276)
Exchange differences	(5)	(7)	(21)	(33)
At 5 April 2020	297	56	997	1,350
Charge in the period	**(100)**	**–**	**847**	**747**
Utilisation of provision	**–**	**–**	**(132)**	**(132)**
Amounts acquired on business combination	**–**	**–**	**12**	**12**
Exchange differences	**8**	**6**	**98**	**112**
At 4 April 2021	**205**	**62**	**1,822**	**2,089**
Current liabilities	**50**	**62**	**1,689**	**1,801**
Non-current liabilities	**155**	**–**	**133**	**288**

Property provisions

In the prior year, upon the adoption of IFRS 16 ('Leases'), the Group used the practical expedient to allow the closing of onerous lease provision identified on acquisition of MC Electronics LLC of $248,000 to be offset against the right-of-use asset on transition.

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. During the period the Group recognised a provision of $650,000 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.

Included within this provision is a $359,000 liability associated with a pending legal case which was recognised upon acquisition of MC Electronics LLC. This liability represents the Directors' best estimate to settle the claim which had been identified prior to acquisition. An indemnity in respect of this matter was obtained from the seller of MC Electronics LLC as part of the sale and purchase agreement.

Also included is $300,000 for the expected legal costs associated with a pending legal case in Canada. The case is in the early stages 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.

23. Share capital

	Number of shares	Par value $'000	Share premium $'000	Total $'000
At 31 March 2019	147,367,933	58,792	44,532	103,324
Acquisition of Servatron	2,233,712	692	1,882	2,574
Issue of deferred bonus shares	266,794	82	–	82
Acquisition of Servatron – contingent consideration	1,481,239	473	–	473
Options exercised	469,084	150	–	150
At 5 April 2020	151,818,762	60,189	46,414	106,603
Issue of deferred bonus shares	**432,040**	**133**	**–**	**133**
Acquisition of DE-KA	**3,320,000**	**1,139**	**14,442**	**15,581**
Acquisition of Servatron – contingent consideration	**1,481,239**	**508**	**–**	**508**
At 4 April 2021	**157,052,041**	**61,969**	**60,856**	**122,825**

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23. Share capital continued

During the current and prior year the Group issued shares to satisfy the requirement of share awards, deferred bonus awards and fund acquisitions. During the current year the movements were as follows:

- 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.

The prior year movements were:

- Issued 2,233,712 shares as part of the initial consideration for the acquisition of Servatron.
- Issued 266,794 shares under the 2018 deferred share bonus plan.
- 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.
- Issued 469,084 shares under the share incentive scheme agreed as part of the acquisition of Servatron.

Under the terms of the Group's various share schemes, the following rights to subscribe for Ordinary shares are outstanding:

			Number of shares	
Date of grant	Option price (p)	Exercise period	2021	2020
Performance Share Plan				
31 March 2016	25	March 2019 – March 2026	**227,461**	271,626
1 December 2016	25	December 2019 – December 2026	**503,921**	903,155
1 December 2017	25	December 2020 – December 2027	**995,000**	2,525,000
11 December 2018	25	December 2021 – December 2028	**1,840,000**	2,230,000
24 March 2019	25	March 2022 – March 2029	**300,000**	300,000
Long Term incentive Plan				
10 September 2019	–	September 2022 – September 2029	**2,370,000**	3,050,000
1 December 2019	–	December 2022 – December 2029	**457,500**	482,500
11 December 2020	–	December 2023 – December 2030	**961,000**	–
Acquisition Retention Awards				
11 December 2018	–	June 2019 – June 2022	**2,666,667**	3,333,333
31 July 2019	–	March 2020 – March 2027	**2,000,000**	2,000,000
31 July 2019	–	March 2021	**–**	1,481,239
Deferred Bonus Plan				
11 June 2019	–	June 2020	**–**	432,040
16 June 2020	–	June 2021	**202,097**	–
			12,523,646	17,008,893

For further details of the Group's share option schemes, see note 28.

Under the FY2021 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

Own shares	2021 $'000	2020 $'000
At the beginning of the period	**1,024**	1,890
Sale of shares	**(1,726)**	(2,630)
Purchase of shares	**3,959**	1,764
At end of the period	**3,257**	1,024

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 28).

The number of Ordinary shares held by the Volex Group plc Employee Share Trust at 4 April 2021 was 931,577 (2020: 456,576). The market value of the shares as at 4 April 2021 was $4,437,000 (2020: $592,000).

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, 625,000 (2020: 2,652,701) shares were utilised on the exercise of share awards. During the year, the Company purchased 1,100,001 shares (2020: 950,000) at a cost of $3,959,000 ($1,764,000).

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 $2,455,000 non-distributable reserve balance.

25. Dividends

Dividends	2021 $'000	2020 $'000
Declared during the financial period:		
Final dividend for the period ended 5 April 2020: 2p per share	**3,791**	–
Interim dividend for the period ended 4 April 2021: 1.1p per share (2020: 1p per share)	**2,225**	1,956
	6,016	1,956
Proposed after the end of the year and not recognised as a liability		
Final dividend for the period ended 4 April 2021: 2.2p per share (2020: 2p per share)	**4,754**	3,702

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For the 52 weeks ended 4 April 2021 (53 weeks ended 5 April 2020)

26. Analysis of net (debt)/funds

	Cash and cash equivalents $'000	Bank loans $'000	Factoring $'000	Lease liability $'000	Debt issue costs $'000	Total $'000
At 31 March 2019	20,593	–	–	(5,777)	97	14,913
Business combination	(5,771)	(135)	–	(4,380)	–	(10,286)
Cash flow	17,107	56	–	3,703	659	21,525
New leases entered into during the year	–	–	–	(4,445)	–	(4,445)
Lease interest	–	–	–	(553)	–	(553)
Exchange differences	(280)	–	–	569	(8)	281
Amortisation of debt issue costs	–	–	–	–	(238)	(238)
At 5 April 2020	31,649	(79)	–	(10,883)	510	21,197
Business combination	**6,401**	**(4,411)**	**(6,476)**	**(9,261)**	**–**	**(13,747)**
Cash flow	**(2,760)**	**(34,076)**	**(469)**	**4,365**	**1,143**	**(31,797)**
New leases entered into during the year	**–**	**–**	**–**	**(3,487)**	**–**	**(3,487)**
Lease interest	**–**	**–**	**–**	**(684)**	**–**	**(684)**
Exchange differences	**1,261**	**435**	**209**	**(71)**	**101**	**1,935**
Amortisation of debt issue costs	**–**	**–**	**–**	**–**	**(681)**	**(681)**
At 4 April 2021	**36,551**	**(38,131)**	**(6,736)**	**(20,021)**	**1,073**	**(27,264)**

Debt issue costs relate to bank facility arrangement fees. During the year, $1,143,000 of professional fees were capitalised in relation to the new banking facility. The resulting debt issue cost of the new facility are being amortised over the life of the facility. During the prior year, $659,000 was capitalised related to the extension of the previous facility. This resulted in a write-off of $413,000 during the current period (see note 6).

27. Notes to the statement of cash flows

	2021 $'000	2020 $'000
Profit for the period	**38,887**	14,696
Adjustments for:		
Finance income	**(310)**	(328)
Finance costs	**2,485**	1,552
Income tax (credit)/expense	**(9,518)**	1,165
Share of net profit from associates	**(827)**	–
Depreciation of property, plant and equipment	**4,613**	3,643
Depreciation of right-of-use assets	**3,172**	2,714
Impairment of right-of-use assets	**–**	65
Amortisation of intangible assets	**5,304**	5,749
Loss on disposal of property, plant and equipment	**135**	838
Share-based payment charge	**6,629**	8,737
Fair value adjustment to derivatives	**(225)**	–
Decrease in provisions	**(293)**	(1,090)
Effects of foreign exchange rate changes	**–**	5
Operating cash flow before movement in working capital	**50,052**	37,746
Increase in inventories	**(12,240)**	(2,943)
(Increase)/decrease in receivables	**(16,996)**	20,499
Increase in payables	**21,626**	2,041
Movement in working capital	**(7,610)**	19,597
Cash generated from operations	**42,442**	57,343
Cash generated from operations before adjusting operating items	**42,809**	58,749
Cash utilised by adjusting operating items	**(367)**	(1,406)
Taxation paid	**(3,116)**	(5,135)
Interest paid	**(631)**	(473)
Net cash generated from operating activities	**38,695**	51,735

Cash and cash equivalents

	2021 $'000	2020 $'000
Cash and bank balances	**36,551**	32,305
Bank overdrafts	**–**	(656)
	36,551	31,649

Cash and cash equivalents comprise cash held by the Group, short-term bank deposits with an original maturity of three months or less and bank overdrafts. The carrying amount of these assets approximates their fair value. Included within cash and cash equivalents is $2,000 (2020: $1,071,000) held in trust which can only be used for Volex employees.

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28. 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 introduced during the prior year. 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 82 of the Remuneration Committee Report.

Performance Share Plan ('PSP')
The PSP scheme expired during the prior year and was replaced with the Long Term Incentive Plan ('LTIP'). 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. Details of how the scheme operates are explained on page 81 of the Remuneration Committee Report.

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)
Outstanding at 1 April 2019	10,112,658	–	266,794	4,000,000	14,379,452	18
Granted during the period	300,000	3,532,500	432,040	5,962,478	10,227,018	0
Exercised during the period	(3,878,781)	–	(266,794)	(3,147,906)	(7,293,481)	(9)
Lapsed during the period	(304,096)	–	–	–	(304,096)	(25)
Outstanding at 5 April 2020	6,229,781	3,532,500	432,040	6,814,572	17,008,893	14
Exercisable at the 5 April 2020	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)
Outstanding at 4 April 2021	3,866,382	3,788,500	202,097	4,666,667	12,523,646	7
Exercisable at the 4 April 2021	1,726,382	–	–	–	1,726,382	25

Included within the LTIP awards are 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 74 of the Remuneration Committee Report. Of the share awards that lapsed during the period, 1,457,319 (2020: 25,000) lapsed in respect of leavers and nil (2020: 279,096) lapsed due to failure to meet performance conditions.

The awards outstanding at 4 April 2021 had a weighted average remaining contractual life of eight years (2020: nine years).

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.

Of the 17,008,893 awards outstanding at 5 April 2020, 6,229,781 had an exercise price of £0.25 and 10,779,112 had an exercise price of £nil.

28. Share-based payments continued

The aggregate of the estimated fair values of the options granted during the period was $5,538,000 (2020: $11,282,000).

Of the awards granted during the period, 316,083 were deferred bonus plan awards with an exercise price of £nil, a service period of one year and no performance conditions. The remaining 976,000 awards were performance share 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 Group settled certain awards in cash during the period due to specific circumstances deemed appropriate by the remuneration committee. The group's intention is that all share-based payment awards will be equity settled going forward. The nature of the awards has not changed in the period.

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:

	2021 LTIP	2020 LTIP
Weighted average share price	**£3.09**	£0.95
Weighted average exercise price	**£nil**	£nil
Expected volatility	**50%**	33%
Expected life (years)	**3**	3.5
Risk-free rate	**-0.08%**	0.5%
Expected dividends	**1%**	2.7%

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 prior year, the ARA awards on 31 July 2019 were valued at their market price on the day of grant, adjusted for the expected dividend yield. The DBP awards were valued at their market price on the day of grant, being £0.80 on 5 June 2018.

During the period, the total expense recognised for share-based payment arrangements was as follows:

	2021 $'000	2020 $'000
PSP	**646**	1,424
LTIP	**1,331**	607
DBP	**412**	445
ARA	**2,609**	5,577
Share-based payment charge	**4,998**	8,053
Employers' tax charge in relation to share awards	**1,631**	684
	6,629	8,737

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29. 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 $451,000 (2020: $317,000).

Defined benefit schemes
The Group operates three 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 £803,300 p.a. (payable in quarterly instalments) over the period to 3 April 2022.

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.

There were no plan amendments, curtailments or settlements during the period. A prior service cost has been recognised in respect of uplifts to historic transfer values in respect of GMP equalisation.

The key assumptions utilised are:

	Valuation at	
	2021	2020
Discount rate	**1.9%**	2.1%
Future pension increases	**3.0%**	2.2%
Inflation assumption (RPI)	**3.6%**	3.0%
Inflation assumption (CPI)	**3.1%**	2.2%

29. Retirement benefit obligations continued

The following mortality assumptions have been made:

	2021 Years	2020 Years
Future life expectancy for a pensioner currently aged 65		
– Male	**22.5**	22.5
– Female	**24.1**	24.0
Future life expectancy at age 65 for a non-pensioner currently aged 55		
– Male	**23.1**	23.0
– Female	**24.8**	24.7

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%	($1,487,000)/$1,659,000
Inflation	Increase/decrease by 0.5%	$1,092,000/($1,095,000)
Life expectancy	Increase/decrease by 1 year	$1,118,000/($1,150,000)

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	2021 $'000	2020 $'000
Interest cost	**(361)**	(476)
Expected return on scheme assets	**315**	429
Finance costs (note 6)	**(46)**	(47)
Past service costs (note 4)	**(137)**	–
Total charge to the Income statement	**(183)**	(47)

In 2019 the Group recognised a pension past service cost of $480,000 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 $137,000 in 2021 arises 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 loss of $1,052,000 (2020: $1,343,000) has been reported in the statement of comprehensive income.

Cumulative actuarial losses recognised in equity	2021 $'000	2020 $'000
At the beginning of the period	**(3,876)**	(2,533)
Net actuarial losses recognised in the period	**(1,052)**	(1,343)
At the end of the period	**(4,928)**	(3,876)

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29. Retirement benefit obligations continued

Amounts recognised in the statement of financial position	2021 $'000	2020 $'000
Fair value of scheme assets	**18,819**	15,887
Present value of defined benefit obligations	**(21,996)**	(18,585)
Deficit in scheme recognised in the statement of financial position	**(3,177)**	(2,698)
Current liabilities	**(1,110)**	(982)
Non-current liabilities	**(2,067)**	(1,716)
	(3,177)	(2,698)

The Group has contributed $1,030,000 to the defined benefit pension plan in the period ended 4 April 2021 (2020: $994,000).

Movements in the present value of defined benefit obligations	2021 $'000	2020 $'000
At the beginning of the period	**(18,585)**	(20,413)
Interest cost	**(361)**	(476)
Past service costs	**(137)**	–
Loss from changes to demographic assumptions	**–**	(428)
Experience loss on liabilities	**(170)**	(469)
Remeasurement loss	**(2,627)**	(201)
Benefits paid	**2,221**	2,213
Foreign exchange	**(2,337)**	1,189
At the end of the period	**(21,996)**	(18,585)

Movements in the fair value of scheme assets	2021 $'000	2020 $'000
At the beginning of the period	**15,887**	17,978
Interest on assets	**315**	429
Actuarial gains/(losses)	**1,746**	(245)
Contributions from the sponsoring company	**1,030**	994
Benefits paid	**(2,221)**	(2,213)
Foreign exchange	**2,062**	(1,056)
At the end of the period	**18,819**	15,887

Assets

Asset category	2021 $'000	2020 $'000
Target return assets[1]	**10,415**	7,793
Corporate Bonds[2]	**5,492**	4,544
Liability Driven Investments[1]	**2,171**	2,386
Cash	**741**	1,164
Total	**18,819**	15,887

1. 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. 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.
2. 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 (2020: nil).

The actual return on scheme assets for the period was a gain of $2,061,000 (2020: a gain of $184,000).

The estimated amount of contributions expected to be paid to the Scheme during the 52 weeks to 3 April 2022 is $1,110,000 (2021: $982,000).

29. Retirement benefit obligations continued

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 4 April 2021 has been calculated as $837,000 (2020: $776,000) by an external actuary.

De-Ka Elektroteknik Sanayi ve Ticaret A.Ş. also operates an unfunded defined benefit scheme. The scheme requires continuous employment with a lump sum payable upon retirement. The actuarial liability as at 4 April 2021 has been calculated as $1,196,000 (2020: nil) by an external actuary.

30. 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 equity holders 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 November 2020, the Group has a multi-currency revolving credit facility ('RCF'), which had an available limit of $70,000,000 as at 4 April 2021 (2020: $30,000,000). At this date, term loans of $32,684,000 were drawn down under this facility (2020: nil). As part of the new RCF, the Group is currently in the process of setting up a new cash pool facility which is denominated in a variety of currencies. At 4 April 2021, there was no operational cashpool (2020: net overdraft position of $10,065,000). The average combined utilisation of the cashpool during the period was $nil (2020: $2,734,000). The RCF expires on 12 November 2023.

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 4 April 2021 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.

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 arising from its operations.

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30. Financial instruments continued
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 2021 $'000	Book value 2020 $'000	**Fair value 2021 $'000**	Fair value 2020 $'000
Financial assets – loans and receivables				
Cash	**36,551**	32,305	**36,551**	32,305
Trade and other receivables	**104,167**	59,656	**104,167**	59,656
Financial liabilities – amortised cost				
Interest-bearing loans and borrowings	**(43,794)**	(225)	**(44,867)**	(735)
Lease liabilities	**(20,021)**	(10,883)	**(20,021)**	(10,883)
Trade and other payables	**(129,872)**	(66,824)	**(129,872)**	(66,824)
Financial derivatives for which hedge accounting has been applied				
Derivative financial instruments	**169**	(1,819)	**169**	(1,819)
Financial derivatives for which hedge accounting has not been applied				
Derivative financial instruments	**204**	–	**204**	–

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.

30. Financial instruments continued

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. During the prior year, the Group invested in 10% cumulative preference shares with its associate, Kepler SignalTek Limited. The following table sets out the carrying amount, by maturity, of the Group's financial instruments that are exposed to interest rate risk:

2021	Within 1 year $'000	1–2 years $'000	2–3 years $'000	3–4 years $'000	4–5 years $'000	More than 5 years $'000	Total $'000
Fixed rate							
Trade and other receivables	**–**	**2,121**	**–**	**–**	**–**	**–**	**2,121**
Bank loans and borrowings	**(2,069)**	**(2,627)**	**–**	**–**	**–**	**–**	**(4,696)**
Floating rate							
Cash assets	**36,551**	**–**	**–**	**–**	**–**	**–**	**36,551**
Bank loans and borrowings	**(7,488)**	**–**	**(32,683)**	**–**	**–**	**–**	**(40,171)**

2020	Within 1 year $'000	1–2 years $'000	2–3 years $'000	3–4 years $'000	4–5 years $'000	More than 5 years $'000	Total $'000
Fixed rate							
Trade and other receivables	–	1,990	–	–	–	–	1,990
Bank loans and borrowings	(79)	–	–	–	–	–	(79)
Floating rate							
Cash assets	32,305	–	–	–	–	–	32,305
Bank loans and borrowings	(656)	–	–	–	–	–	(656)

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 4 April 2021, the Group is exposed to floating rate interest on its RCF borrowings at a margin of 2.3% (31 March 2020: 2.3%) above 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 $36,000 lower/$18,000 higher (2020: $12,000 lower/$6,000 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.

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For the 52 weeks ended 4 April 2021 (53 weeks ended 5 April 2020)

30. Financial instruments continued
The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the reporting date are as follows:

	Liabilities		Assets	
	2021 $'000	2020 $'000	**2021 $'000**	2020 $'000
USD	**75,934**	34,183	**84,553**	75,885
Euro	**54,285**	3,662	**40,790**	8,289
Chinese renminbi	**24,876**	14,377	**7,474**	3,675
Pound sterling*	**10,934**	9,132	**2,649**	(1,160)
Indian rupee	**889**	768	**249**	274
Other	**6,513**	6,214	**4,124**	3,085

* In 2020, under the RCF, a cash pool facility existed over two entities, denominated in a variety of currencies. At 4 April 2021, there was no operational cashpool (2020: net cash overdraft position of $10,065,000).

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	
	2021 $'000	2020 $'000	**2021 $'000**	2020 $'000	**2021 $'000**	2020 $'000
10% depreciation of US dollar against foreign currency						
(i) Profit before tax	**(1,480)**	(1,860)	**1,335**	(668)	**(2,018)**	(1,338)
(ii) Equity*	**(3,574)**	(8,922)	**(3,238)**	2,049	**–**	–
10% appreciation of US dollar against foreign currency						
(i) Profit before tax	**1,211**	1,522	**(1,093)**	547	**1,651**	1,095
(ii) Equity*	**2,924**	7,300	**2,649**	(1,676)	**–**	–

iii. The main exposure impacting profit before tax is on Chinese renminbi monetary liabilities in the Group at the reporting date.

iv. 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.

30. Financial instruments continued

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:

	2021		2020	
Copper cash flow hedges Contracted copper price	**Contracted volume (MT)**	**Fair value $'000**	Contracted volume (MT)	Fair value $'000
$5,500–$6,000	**30**	**85**	240	(141)
$6,000–$6,500	**–**	**–**	85	(106)
$6,500–$7,000	**–**	**–**	–	–
$7,000–$7,500	**–**	**–**	–	–
$7,500–$8,000	**–**	**–**	–	–
$8,000–$8,500	**–**	**–**	–	–
$8,500–$9,000	**200**	**12**	–	–
	230	**97**	325	(247)

All contracts expire within 12 months of 4 April 2021.

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.

In addition to the banking facilities available to the Group, the Group has access to a non-recourse invoice discounting facility. Under the terms of the arrangement, the Group can sell up to $15 million of trade receivables associated with a specific customer. As at 4 April 2021, the Group had utilised $0.6 million (2020: $0.1 million) of this facility.

Notes to the Financial Statements
For the 52 weeks ended 4 April 2021 (53 weeks ended 5 April 2020)

30. Financial instruments continued
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).

2021	Carrying amount $'000	Contractual cash flows $'000	Within 1 year $'000	1–2 years $'000	2–5 years $'000	More than 5 years $'000
Non-derivative financial liabilities						
Trade and other payables	**(129,976)**	**(131,751)**	**(121,631)**	**(6,553)**	**(3,567)**	**–**
Bank overdrafts and loans	**(43,794)**	**(44,867)**	**(9,556)**	**(2,627)**	**(32,684)**	**–**
Lease liabilities	**(20,021)**	**(23,455)**	**(4,567)**	**(3,795)**	**(13,119)**	**(1,974)**
Derivative financial liabilities						
Copper commodity contracts	**–**	**–**	**–**	**–**	**–**	**–**
Derivative financial instruments	**(38)**	**(38)**	**(38)**	**–**	**–**	**–**

2020	Carrying amount $'000	Contractual cash flows $'000	Within 1 year $'000	1–2 years $'000	2–5 years $'000	More than 5 years $'000
Non-derivative financial liabilities						
Trade and other payables	(66,824)	(66,824)	(66,570)	(25)	(178)	(51)
Bank overdrafts and loans	(225)	(734)	(734)	–	–	–
Lease liabilities	(10,883)	(12,910)	(3,590)	(2,633)	(4,740)	(1,947)
Derivative financial liabilities						
Copper commodity contracts	(247)	(247)	(247)	–	–	–
Derivative financial instruments	(1,572)	(1,572)	(1,572)	–	–	–

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.

31. 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.

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.

32. 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 80.

As explained in note 16, the Group has a 26.09% interest in Kepler SignalTek Limited, which is accounted for as an associate. The Group has invested $2,000,000 ($1,700,000 preference shares and $300,000 equity investment). During the period, $50,000 of preference shares were redeemed (2020: $25,000). During the period, the Group accrued financial income of $195,000 on the preference shares (2020: $196,000). The balance due from the associate as at the period end date was $2,121,000 (2020: $1,990,000).

The Group also has a 43% interest in Volex-Jem Co. Ltd. During the period, the Group purchased $nil (2020: $115,000) of materials from Volex-Jem Cable Precision (Dongguan) Co., Limited, an entity controlled by Volex-Jem Co. Ltd. The balance due to the associate as at the period end date was $81,000 (2020: $81,000).

33. Events after the balance sheet date

The Group's North American operations received notification on 28 May 2021 and 11 June 2021 that $2,584,000 of PPP loans provided during the pandemic were forgiven.

34. Business combinations

DE-KA

On 18 February 2021 Volex plc completed the acquisition of De-Ka Elektroteknik Sanayi ve Ticaret Anonim Şirketi ('DE-KA'), a leading power cord manufacturer for the European white goods market headquartered in Turkey.

DE-KA is vertically integrated with the manufacture of PVC granule, single and multi-core cable extrusion. The acquisition is a complementary fit with Volex's existing power cords business with opportunities to build and maintain market share in attractive end market segments.

The purchase has been accounted for as a business combination. Details of the purchase consideration, the net assets acquired and goodwill are as follows:

	$'000
Fair value of consideration transferred	
Cash paid	47,328
Ordinary shares issued	15,581
Deferred consideration	2,159
Contingent consideration	17,863
Total purchase consideration	82,931

Cash paid includes the initial consideration and the estimated working capital adjustment. The fair value of the 3,320,000 shares issued as part of the consideration was based on the published closing share price on the last trading date preceding the share issue of £3.42.

The contingent consideration is dependent upon certain EBITDA targets being met post-acquisition during the 2020, 2021 and 2022 calendar years. The fair value above has been based on the probable outcome of each based upon the information available at 4 April 2021.

Notes to the Financial Statements
For the 52 weeks ended 4 April 2021 (53 weeks ended 5 April 2020)

34. Business combinations continued
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 $'000
Identifiable intangible assets	29,294
Other intangibles	28
Property, plant and equipment	8,203
Right of use asset	9,261
Inventories	4,826
Trade receivables	25,993
Trade payables	(12,309)
Other debtors and creditors	254
Cash	6,401
Bank loan	(10,887)
Deferred taxes	(6,717)
Retirement benefit obligation	(1,234)
Lease liabilities	(9,261)
Total identifiable assets	43,852
Goodwill	39,079
Consideration	82,931

An exercise has been conducted to assess the provisional fair value of assets and liabilities assumed. This exercise identified a customer relationships and order backlog intangible asset.

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. None of the goodwill recognised is expected to be deductible for income tax purposes.

The provisional goodwill balance recognised above includes certain intangible assets that cannot be separately identifiable 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.

In FY2021, DE-KA contributed $9,166,000 to Group revenue, $1,752,000 to adjusted operating profit and $1,057,000 to statutory operating profit. Associated acquisition costs of $367,000 and intangible asset amortisation of $695,000 have both been expensed as adjusting items in the period. If DE-KA had been acquired at the beginning of the year, it would have contributed estimated revenues of $60,690,000 and estimated EBITDA of $13,018,000 and operating profit of $12,164,000 to the results of the Group.

Net cash outflow on acquisitions	$'000
Cash consideration	
– DE-KA	47,328
Total cash consideration	**47,328**
Less: cash and cash equivalents acquired	
– DE-KA	(6,401)
Net cash outflow	**40,927**
Payment of contingent consideration	
– Ta Hsing	1,142
– MC Electronics	139
Net cash outflow	**1,281**

Company Statement of Financial Position

As at 4 April 2021 (5 April 2020)

		Company	
	Notes	**2021 £'000**	2020 £'000
Non-current assets			
Other intangible assets	4	**3**	15
Property, plant and equipment	5	**18**	4
Right of use assets	6	**19**	16
Investments	7	**147,698**	109,824
Other receivables	9	**–**	16
Deferred tax asset	12	**6,037**	–
		153,775	109,875
Current assets			
Inventories	8	**3,884**	2,259
Trade receivables	9	**7,130**	5,807
Other receivables	9	**17,855**	8,508
Current tax assets		**–**	192
Derivative financial instruments		**149**	–
Cash and bank balances		**5,449**	7,985
		34,467	24,751
Total assets		**188,242**	134,626
Current liabilities			
Trade payables	11	**562**	254
Other payables	11	**28,557**	22,780
Lease liability	6	**17**	17
Provisions	11	**392**	406
Derivative financial instruments		**17**	1,270
Retirement benefit obligation	13	**803**	803
		30,348	25,530
Net current assets/(liabilities)		**4,119**	(779)
Non-current liabilities			
Borrowings	10	**22,866**	–
Lease liability	6	**20**	–
Other payables	11	**7,179**	1,246
Retirement benefit obligation	13	**1,495**	1,402
		31,560	2,648
Total liabilities		**61,908**	28,178
Net assets		**126,334**	106,448
Equity attributable to owners of the parent			
Share capital	15	**39,263**	37,955
Share premium account	15	**44,270**	33,746
Non-distributable reserve	17	**–**	–
Hedging and translation reserve		**(3,244)**	(3,350)
Merger reserve		**8,224**	8,224
Retained earnings		**37,821**	29,873
Total equity		**126,334**	106,448

The notes on pages 149 to 162 are an integral part of these financial statements. The profit after tax for the period of the Company amounted to £9,608,000 (2020: profit of £22,933,000). The financial statements on pages 147 to 162 of Volex plc (company number: 158956) were approved by the Board of Directors and authorised for issue on 17 June 2021. 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 4 April 2021 (53 weeks ended 5 April 2020)

	Share capital £'000	Share premium account £'000	Non-distributable reserves £'000	Hedging and translation reserve £'000	Merger reserve £'000	Retained earnings/ accumulated losses £'000	Total equity £'000
Balance at 31 March 2019	36,842	32,227	781	(3,216)	8,224	2,976	77,834
Profit for the period attributable to the owners of the parent	–	–	–	–	–	22,933	22,933
Other comprehensive expense for the period	–	–	–	(134)	–	(1,068)	(1,202)
Total comprehensive (expense)/ income for the period	–	–	–	(134)	–	21,865	21,731
Shares issued	1,046	1,519	–	–	–	–	2,565
Exercise of deferred bonus shares	67	–	–	–	–	(67)	–
Issue of shares by employment benefit trust	–	–	(781)	–	–	781	–
Dividend paid	–	–	–	–	–	(1,497)	(1,497)
Credit to equity for equity-settled share-based payments	–	–	–	–	–	5,815	5,815
Balance at 5 April 2020	**37,955**	**33,746**	**–**	**(3,350)**	**8,224**	**29,873**	**106,448**
Profit for the period attributable to the owners of the parent	**–**	**–**	**–**	**–**	**–**	**9,608**	**9,608**
Other comprehensive income/ (expense) for the period	**–**	**–**	**–**	**106**	**–**	**(367)**	**(261)**
Total comprehensive income for the period	**–**	**–**	**–**	**106**	**–**	**9,241**	**9,347**
Shares issued	**1,200**	**10,524**	**–**	**–**	**–**	**–**	**11,724**
Exercise of deferred bonus shares	**108**	**–**	**–**	**–**	**–**	**(108)**	**–**
Dividend paid	**–**	**–**	**–**	**–**	**–**	**(4,713)**	**(4,713)**
Credit to equity for equity-settled share-based payments	**–**	**–**	**–**	**–**	**–**	**2,426**	**2,426**
Tax effect of share options	**–**	**–**	**–**	**–**	**–**	**1,102**	**1,102**
Balance at 5 April 2021	**39,263**	**44,270**	**–**	**(3,244)**	**8,224**	**37,821**	**126,334**

Notes to the Company Financial Statements

For the 52 weeks ended 4 April 2021 (53 weeks ended 5 April 2020)

1. General Information

Volex plc (the Company) is a public company limited by shares incorporated in the United Kingdom under the Companies Act and is registered in England and Wales. 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 profit for the parent Company for the period was £9,608,000 (2020: profit of £22,933,000).

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 103 for further information on the going concern assessment.

Notes to the Company Financial Statements
For the 52 weeks ended 4 April 2021 (53 weeks ended 5 April 2020)

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 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.

2.10 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. Significant accounting policies continued

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 30 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 4 April 2021 (53 weeks ended 5 April 2020)

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 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. A credit is recognised directly in shareholders' funds.

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:

	2021 Number	2020 Number
Sales and distribution	**2**	2
Administration	**12**	11
	14	13

Their aggregate remuneration comprised:

	2021 £'000	2020 £'000
Wages and salaries	**2,427**	2,237
Social security costs	**260**	206
Other pension costs (note 13)	**213**	128
	2,900	2,571

Directors' remuneration for the year totalled £2,251,000 (2020: 1,939,000). The remuneration of the highest paid Director is £1,045,000 (2020: £996,000). Employer contributions of £85,000 (2020: £65,000) 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 70 to 85 and form part of the financial statements.

4. Other intangible assets

	Software and licences	
	2021 £'000	2020 £'000
Cost		
At the beginning and end of the period	**2,388**	2,388
Accumulated amortisation		
At the beginning of the period	**2,373**	2,342
Amortisation charge for the period	**12**	31
At the end of the period	**2,385**	2,373
Carrying amount at the end of the period	**3**	15
Carrying amount at the beginning of the period	**15**	46

5. Property, plant and equipment

	2021 £'000	2020 £'000
Cost		
At the beginning of the period	**322**	319
Additions	**20**	3
Disposals	**(4)**	–
At the end of the period	**338**	322
Accumulated depreciation and impairment		
At the beginning of the period	**318**	317
Depreciation charge for the period	**6**	1
Disposals	**(4)**	–
At the end of the period	**320**	318
Carrying amount at the end of the period	**18**	4
Carrying amount at the beginning of the period	**4**	2

Notes to the Company Financial Statements
For the 52 weeks ended 4 April 2021 (53 weeks ended 5 April 2020)

6. Right-of-use asset
This note provides information for leases where the Company is a lessee.

a) Amounts recognised in the balance sheet
The balance sheet shows the following amounts relating to leases:

	4 April 2021 £'000	5 April 2020 £'000
Right-of-use assets		
Buildings	**–**	–
Vehicles	**19**	16
	19	16
Lease liability		
Current	**17**	17
Non-current	**20**	–

Additions during the period to the right-of-use assets were £53,000 (2020: nil).

b) Amounts recognised in the statement of profit or loss
The statement of profit or loss shows the following amounts relating to leases:

	4 April 2021 £'000	5 April 2020 £'000
Depreciation charge of right-of-use assets		
Buildings	**–**	101
Vehicles	**50**	18
	50	119
Interest expense (included in finance cost)	**2**	3

7. Investments

The Company's fixed asset investments comprise investments in wholly-owned subsidiary undertakings and permanent loans as follows:

	Shares £'000	Loans £'000	Total £'000
Cost			
At 31 March 2019	51,524	57,752	109,276
Additions	15,572	11,309	26,881
Repayment	–	(10,806)	(10,806)
Exchange differences	–	2,823	2,823
At 5 April 2020	67,096	61,078	128,174
Additions	112,472	2,301	114,773
Contribution	14,979	(14,979)	–
Disposals	(57,701)	–	(57,701)
Repayment	–	(16,130)	(16,130)
Exchange differences	–	(4,092)	(4,092)
At 4 April 2021	**136,846**	**28,178**	**165,024**
Accumulated depreciation and impairment			
At 31 March 2019	5,190	12,578	17,768
Impairment	–	–	–
Exchange differences	–	582	582
At 5 April 2020	5,190	13,160	18,350
Impairment	7,306	(7,306)	–
Exchange differences	–	(1,024)	(1,024)
At 4 April 2021	**12,496**	**4,830**	**17,326**
Carrying amount			
At 4 April 2021	**124,350**	**23,348**	**147,698**
At 5 April 2020	61,906	47,918	109,824
At 31 March 2019	46,334	45,174	91,508

In the United Kingdom, the Company includes three operational branches, Volex Powercords Europe, Volex Europe Cable Assemblies and Volex Sweden. Details of the Company's subsidiary undertakings are set out in note 20 'Related undertakings'. Investments in subsidiaries are all stated at cost less provision for impairment.

On 8 October 2020, Volex France Sarl was dissolved without liquidation with the remaining assets and liabilities being assumed by Volex plc. Following the dissolution the investment of £39,000 was disposed of.

On 18 February 2021, the Company acquired De-Ka Elektroteknik Sanayi ve Ticaret Anonim Şirketi ('DE-KA') for consideration of £57,662,000. Following this acquisition the Company decided to transfer ownership to Volex (Asia) Pte Ltd ('VAPL') which owns a number of the Group's power businesses. As part of the transfer process, the Company also recapitalised Volex Holdings Inc (VHI) 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 £49,618,000 of preferred stock in Volex Holdings Inc which included the contribution of an existing £14,979,000 receivable. DE-KA was then sold to VAPL at book value, in return for a new inter-company note receivable. A loss of £916,000 has been recognised on the remeasurement of the fair value of the transaction. The note receivable was subsequently eliminated through Volex plc subscribing to £20,171,000 of additional share capital in Volex Pte Ltd.

During the prior year on 31 July 2019, the Company acquired Servatron Inc for consideration of £15,075,000. Following this acquisition the Company decided to consolidate the Group's North American subsidiaries under a common holding company. On 23 August 2019, MC Electronics was contributed to Volex Holdings Inc in exchange for additional shares in Volex Holdings Inc. A gain of £302,000 was recognised on the remeasurement of the fair value of the transaction.

On 31 August 2019, Servatron was contributed to Volex Holdings Inc in exchange for additional share capital in Volex Holdings Inc. The fair value consideration of £15,075,000 was satisfied by way of additional shares in Volex Holdings Inc. On 1 April 2020, the Company also acquired Volex Europe (No.1) Limited for £196,000.

Notes to the Company Financial Statements
For the 52 weeks ended 4 April 2021 (53 weeks ended 5 April 2020)

7. Investments continued
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 4 April 2021, the Company's loans receivable accrued interest of between 0% - 3%. Repayments were received from Volex Inc, Silcotec Europe Limited, Servatron Inc, Volex (Asia) Pte Ltd and Volex Poland SP z.o.o during the period.

During the period, the Company received two dividends (2020: four) totalling £3,844,000 (2020: £27,546,000) from its subsidiaries Volex Group Holdings Limited and Volex France Sarl.

8. Inventories

	2021 £'000	2020 £'000
Finished goods	**3,884**	2,259
	3,884	2,259

9. Trade and other receivables

Trade receivables	2021 £'000	2020 £'000
Amounts receivable for the sale of goods	**7,151**	5,894
Allowance for doubtful debts	**(21)**	(87)
	7,130	5,807
Other receivables		
Amounts due from Group undertakings	**17,065**	7,448
Other debtors	**482**	799
Prepayments	**308**	277
	17,855	8,524
Due for settlement within 12 months	**17,855**	8,508
Due for settlement after 12 months	**–**	16
	17,855	8,524

Amounts due from Group undertakings included within other receivables are unsecured and non-interest bearing.

10. Borrowings and lease liability

	2021 £'000	2020 £'000
Secured borrowings at amortised cost		
Bank loans	**22,866**	–
Lease liability	**37**	17
Total borrowings at amortised cost	**22,903**	17
Amount due for settlement within 12 months	**17**	17
Amount due for settlement after 12 months	**22,886**	–
	22,903	17

At 4 April 2021, debt issue costs of £776,000 were included within the total bank loan balance shown above. During the prior year, debt issue costs of £417,000 were included in other debtors because the bank loan balance was nil.

11. Trade and other payables

	2021 £'000	2020 £'000
Trade payables	**562**	254
Other payables		
Amounts owed to Group undertakings	**14,966**	18,780
Other taxes and social security	**–**	84
Accruals and deferred income	**20,770**	5,162
	35,736	24,026
Due for settlement within 12 months	**28,557**	22,780
Due for settlement after 12 months	**7,179**	1,246
	35,736	24,026

Amounts owed to Group undertakings are unsecured and non-interest bearing. The Directors consider that the carrying amount of trade and other payables approximates to their fair value.

The Company has a provision of £392,000 (2020: £406,000) 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. The movement in the provision during the year reflects foreign exchange movements.

Included in accruals and deferred income is £15,446,000 (2020: £1,430,000) relating to deferred and contingent consideration for acquisitions.

12. Deferred tax

The following are the major deferred tax assets recognised by the Company and movements thereon during the reporting period.

	Trading losses £'000	Accelerated tax depreciation £'000	Other short term timing differences £'000	Share-based payments £'000	Total £'000
At 5 April 2020	–	–	–	–	–
Credit to income statement	**3,934**	**602**	**151**	**311**	**4,998**
Credit to other comprehensive income	–	–	**392**	–	**392**
Credit directly to equity	–	–	–	**650**	**650**
Exchange differences	–	–	**(3)**	–	**(3)**
At 4 April 2021	**3,934**	**602**	**540**	**961**	**6,037**

At the reporting date, the Company had unused tax losses of £42,934,000 (2020: £63,708,000) available for offset against future profits. Of this amount, £10,624,000 (2020: £15,446,000) 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%. The change in tax rate will result in an estimated increase of £1,302,000 to the deferred tax asset held in respect of the Company's operations and may impact the Company's effective tax rate in future years.

As at 4 April 2021, the 19% UK corporate tax rate has been applied in the measurement of the Company's deferred tax assets.

Notes to the Company Financial Statements
For the 52 weeks ended 4 April 2021 (53 weeks ended 5 April 2020)

13. 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 have agreed to pay contributions of £803,300 p.a. (payable in quarterly instalments) over the period to 3 April 2022.

In 2019 the Group recognised a pension past service cost of £368,000 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 current period, an addition charge of £98,000 has arisen 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 29 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 £115,000 (2020: £128,000).

14. 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 28 'Share-based payments' to the consolidated financial statements.

15. Share capital

	Number of shares	Par value £'000	Share premium £'000	Total £'000
At 5 April 2020	**151,818,762**	**37,955**	**33,746**	**71,701**
Issue of deferred bonus shares	432,040	108	–	108
Acquisition of DE-KA	3,320,000	830	10,524	11,354
Acquisition of Servatron – contingent consideration	1,481,239	370	–	370
At 4 April 2021	**157,052,041**	**39,263**	**44,270**	**83,533**

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 movements were as follows:

- 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 FY2021 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.

16. 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.

	2021 £'000	2020 £'000
Declared during the period		
Final dividend for the year ended 5 April 2020: 2p per share	**3,041**	–
Interim dividend for the period ended 4 April 2021: 1.1p per share (2020: 1p per share)	**1,672**	1,497
Proposed after the balance sheet date and not recognised as a liability:		
Final dividend for the period ended 4 April 2021: 2.2p per share (2020: 2.0p per share)	**3,439**	3,027

The Group's consolidated reserves set out on page 101 do not reflect the profits available for distribution in the Group.

17. Non-distributable reserves

Between March 2014 and July 2014 the Company sold 1,005,000 shares which were held by the Volex Group Guernsey Purpose Trust to the Volex Group plc Employee Share Trust. A gain of £781,000 was recognised as a result of this transaction having been classified as a non-distributable reserve until such time that the shares are issued by the Volex Group plc Employee Share Trust. During the prior period these original shares were issued to employees to fulfil vested share awards. Therefore, the reserve has been reduced to zero during the current financial period.

18. Other matters

The auditors' remuneration for the current period in respect of audit services was £270,000 (2020: £255,000) and £131,000 for non-audit services performed (2020: none).

19. 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 4 April 2021 (53 weeks ended 5 April 2020)

20. Related undertakings

Volex Powercords Europe, Volex Europe Cable Assemblies and Volex PLC Sweden Filial are all trading divisions of Volex plc. In accordance with Section 409 of the Companies Act 2006, the subsidiaries owned at 4 April 2021 are disclosed below. 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 Volex subsidiary and the relevant JV partner. The percentage holdings have not changed compared to prior year.

Name of entity	Footnote	Country of incorporation	Address	Percentage owned by plc
Directly held				
Volex Pte Ltd	1	Singapore	37A Tampines Street 92, #08–01, Singapore 528886	100%
Volex Holdings Inc	2	USA	84 State Street, Boston MA 02109	100%
Volex Canada Inc	3	Canada	1565 Carling Avenue, Fourth floor, Ottawa On K1Z 8R1	100%
Volex 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%
Volex Poland Sp z.o.o.	1	Poland	Podłuzna 11–13, 85–790, Bydgoszcz, Kuyavian–Pomeranian Voivodeship, Poland	99%
Volex Germany GmbH	3	Germany	Zu den Mühlen 19, 35390 Gießen, Deutschland	100%
Volex Sweden AB	3	Sweden	C/O Servando Bolag AB, Johan Fredrik Stahl, Box 5814, 102 48 Stockholm	100%
Volex International Korea LLC	3	South Korea		100%
Volex do Brasil Ltda	3	Brazil	Rod. Geraldo Scavone 2.080, Unidade 13 A 16, Jacarei, 12305–490, Brazil	99%
Volex (No.4) Ltd	3	UK	Unit C1 Antura, Bond Close, Basingstoke, Hampshire, England, RG24 8PZ	99%
Volex (No.3) Ltd	3	UK	Unit C1 Antura, Bond Close, Basingstoke, Hampshire, England, RG24 8PZ	50%
Volex (No.2) Ltd	3	UK	Unit C1 Antura, Bond Close, Basingstoke, Hampshire, England, RG24 8PZ	50%
Volex (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%
Volex Executive Pension Scheme Trustee Ltd	3	UK	Unit C1 Antura, Bond Close, Basingstoke, Hampshire, England, RG24 8PZ	67%
Volex Electrical Products Ltd	3	UK	Unit C1 Antura, Bond Close, Basingstoke, Hampshire, England, RG24 8PZ	90%
Volex 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%
Volex Interconnect Products Ltd	3	UK	Unit C1 Antura, Bond Close, Basingstoke, Hampshire, England, RG24 8PZ	99%
Volex 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%

20. Related undertakings continued

Name of entity	Footnote	Country of incorporation	Address	Percentage owned by plc
Directly held continued				
Volex Interconnect Systems Ltd	3	UK	Unit C1 Antura, Bond Close, Basingstoke, Hampshire, England, RG24 8PZ	99%
Volex Europe (No.1) Ltd	3	Ireland	Carraroe Industrial Estate, Carraroe, Co Galway, H91WR82	100%

Name of entity	Footnote	Country of incorporation	Address	Percentage owned by Group companies
Indirectly held				
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 Elektroteknik 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	84 State Street, Boston MA 02109	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%
Volex (Asia) Pte Ltd	1	Singapore	37A Tampines Street 92, #08–01, Singapore 528886	100%
PT Volex Indonesia	1	Indonesia	JL. Ir. Sutami Kawasan Industri Sekupang, Batam, Indonesia 29422, Indonesia	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, Kangawa	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%
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%

Notes to the Company Financial Statements
For the 52 weeks ended 4 April 2021 (53 weeks ended 5 April 2020)

20. Related undertakings continued

Name of entity	Footnote	Country of incorporation	Address	Percentage owned by Group companies
Indirectly held continued				
Volex Cables (HK) Ltd	1	Hong Kong	Unit 1001, 10/F, Infinitus Plaza, 199 Des Voeux Road 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%
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, Henggang Section, Longgang Avenue, Bao'an Village, Henggang Sub–district, 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%
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/1,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%
Interests in associates/joint ventures				
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, No.79, Sec 1. Singtai 5th Road, Sijhih City, Taipei, Country 221, Taiwan	
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

Results	Unaudited IFRS 2021 $'000	Unaudited IFRS 2020 $'000	Unaudited IFRS 2019 $'000	Unaudited IFRS 2018 $'000	Unaudited IFRS 2017 $'000
Revenue – total Group	**443,313**	391,354	372,104	322,377	319,584
Gross profit – total Group	**103,876**	90,661	73,518	55,843	42,347
Operating expenses – total Group	**(73,159)**	(73,576)	(60,526)	(47,070)	(48,968)
Normalised operating profit[(i)] – total Group	**42,896**	31,630	21,606	11,457	9,079
Adjusting operating items	**(5,550)**	(5,808)	(6,226)	(1,552)	(15,232)
Share-based payment charge	**(6,629)**	(8,737)	(2,388)	(1,132)	(468)
Profit/(loss) on ordinary activities before taxation	**29,369**	15,861	11,635	6,995	(8,500)
Depreciation and amortisation (excluding intangible assets acquired in a business combination)	**7,885**	6,519	3,786	3,210	5,368

	Cents	Cents	Cents	Cents	Cents
Basic underlying earnings per share – total Group[(ii)]	**32.1**	18.2	13.1	9.2	9.5
Basic earnings/(loss) per share – total Group	**25.5**	9.9	6.9	4.4	(7.9)

Statement of financial position	$'000	$'000	$'000	$'000	$'000
Non-current assets	**182,767**	84,650	56,041	24,606	24,905
Net cash/(debt)[(iii)]	**(7,243)**	31,570	20,593	9,948	11,335
Other assets and liabilities	**8,396**	14,312	39,014	13,590	10,067
Net assets	**183,920**	130,532	115,648	48,144	46,307
Gearing	**4%**	–	–	–	–

i. Defined as operating profit before adjusting items and share-based payments.

ii. Defined as earnings/(loss) per share before share-based payments and adjusting items, net of tax.

iii. Following the adoption of IFRS 16 on 1 April 2019 this calculation excludes the lease liability.

Shareholder Information

Provisional Financial Calendar
FY2022
Interim Results Announced w/c 8 November 2021
Period End 3 April 2022
Final Results Announced w/c 13 June 2022

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