17 June 2021

Volex plc

Preliminary Announcement of the Group Results
for the 52 weeks ended 4 April 2021

Strongest performance in 20 years underlines our potential

Volex plc ('Volex'), a global provider of integrated manufacturing services and power products, today announces its preliminary results for the 52 weeks ended 4 April 2021 ('FY2021').

Financial Highlights	52 weeks to 4 April 2021	53 weeks to 5 April 2020	Year on year change
Revenue	**$443.3m**	**$391.4m**	**13.3%**
Underlying* operating profit	**$42.9m**	**$31.6m**	**35.8%**
Statutory operating profit	**$30.7m**	**$17.1m**	**79.5%**
Underlying* profit before tax	**$41.6m**	**$30.4m**	**36.8%**
Statutory profit before tax	**$29.4m**	**$15.9m**	**84.9%**
Basic earnings per share	**25.5c**	**9.9c**	**157.6%**
Underlying* basic earnings per share	**32.1c**	**18.2c**	**76.4%**
Net debt/(cash) (before lease liabilities)	**$7.2m**	**($31.6m)**	
Net debt/(cash)	**$27.3m**	**($21.2m)**	

* Before adjusting items and share-based payments charge (see note 3 for more details)

Corporate and Operational Highlights

- Diverse and resilient business model enabled the Group to deliver the strongest underlying operating profit in 20 years despite uncertainties posed by the Covid-19 pandemic
- Underlying operating margin has improved from 8.1% to 9.7% thanks to further cost optimisation, efficiency savings and increased sales of more complex products
- In February, we completed the strategic acquisition of De-Ka Elektroteknik Sanayi ve Ticaret Anonim Sirketi ("DE-KA"), headquartered in Turkey, to create the only truly global power cord manufacturer
- Successfully relocated our Suzhou, China plant to a new state-of-the-art facility and completed the construction work on our new cable extrusion plant in Batam, Indonesia doubling our production space at this site
- We are investing in our engineering and sales teams to deliver additional organic growth opportunities

Market Highlights

- Electric Vehicles - sales of products for use in electric vehicles grew by 193% year-on-year reflecting our position as leaders in the grid-cord market as well as our expansion into other products
- Consumer Electricals – we have delivered an overall 5% increase in revenues with the acquisition of DE-KA, the lowest cost producer in Europe, creating a platform to grow in the white goods market
- Medical – having experienced variable demand across products during the year, revenue was slightly lower than last year with a 3% reduction, although we are seeing encouraging signs of recovery in the new year, as well as enquiries from customers interested in our unique global footprint
- Complex Industrial Technology – we saw revenue growth of 13%, with particularly strong demand from our data centre customers in the first half of the year

Outlook

- We have delivered a strong start to the new year across all regions with continued momentum in Electric Vehicles and Complex Industrial Technology
- There is an exciting pipeline of acquisition opportunities and strong financial flexibility
- The longer-term prospects for our business remain strong and we continue to invest in capacity and strengthening our capabilities with a particular focus on growth areas

Dividend

Subject to approval by shareholders at the AGM on 29 July 2021, the proposed final dividend of 2.2p per ordinary share will be paid on 6 August 2021 to those shareholders on the register on 16 July 2021.

Nat Rothschild, Volex's Executive Chairman said:

"We have delivered an excellent set of results in what has been a very challenging year for the global economy as a whole. Our performance is testament to the diverse and resilient business that we have created as well as the exceptional operations team who have stewarded Volex through the pandemic and kept our employees safe.

We continue to see high levels of opportunities across the markets where we operate and, having completed the acquisition of DE-KA in February, we have an exciting acquisition pipeline and access to funding to undertake further deals.

As a result, the outlook for our business is positive with strong trading during the first two months of FY2022 and continued demand from our customer base as our strategy of strengthening our capabilities pays off. We have built a business with excellent customers and exceptional assets and are well placed to continue our drive for continuous improvement as we look to make targeted investments in order to deliver on our long-term growth plans and achieve our five year plan set out in October 2019 to achieve $650 million in revenues and $65 million of underlying operating profit by 2024."

Presentation

A live presentation for analysts will be held online at 9.00 a.m. BST on 17 June 2021. If you are an analyst and would like to join for this briefing, please send an email to Volex@powerscourt-group.com. Log in details for the meeting will be communicated to attendees.

A live presentation will be held online at 12.00 p.m. BST on 17 June 2021 on the Investor Meet Company ("IMC") platform. This online presentation is open to all existing and potential shareholders. Questions can be submitted during the live presentation.

Investors can sign up to IMC and add to meet Volex via:

https://www.investormeetcompany.com/volex-plc/register-investor

For further information please contact:

Volex plc +44 7747 488785

Nat Rothschild, Executive Chairman
Jon Boaden, Chief Financial Officer

N+1 Singer – Nominated Adviser & Joint Broker +44 20 7496 3000

Shaun Dobson
Iqra Amin

HSBC Bank Plc – Joint Broker +44 20 7991 8888

Simon Alexander
Joe Weaving

Powerscourt – Media Enquiries +44 20 7250 1446

James White
Jack Holden

Definitions

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 acquisition related costs, the non-cash amortisation of intangible assets acquired as part of business combinations, and share-based payments. Further detail on adjusting items is provided in Note 3.

Underlying operating profit is operating profit before adjusting items and share-based payment expense.

Underlying free cash flow is net cash flow before financing activities excluding cash flows associated with the acquisitions of businesses and cash utilised in respect of adjusting items.

Net debt (before lease liabilities) represents cash and cash equivalents, less bank loans and debt issue costs, but excluding lease liabilities.

Forward looking statements

This announcement contains certain forward-looking statements which have been made by the Directors in good faith using information available up until the date they approved the announcement. Forward-looking statements should be regarded with caution as by their nature such statements involve risk and uncertainties relating to events and circumstances that may occur in the future. Actual results may differ from those expressed in such statements, depending on the outcome of these uncertain future events.

Market Abuse Regulation

This announcement is released by Volex plc and contains inside information for the purposes of the Market Abuse Regulation (EU) 596/2014 ('MAR') as it forms part of United Kingdom domestic law by virtue of the European Union (Withdrawal) Act 2018 and is disclosed in accordance with the Company's obligations under Article 17 of MAR.

Executive Chairman's Statement

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.

Nathaniel Rothschild

Executive Chairman

Review of FY2021 Performance

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.

	2021			2020		
	Before adjusting items and share-based payments $m	**Adjusting items and share-based payments $m**	**Total $m**	Before adjusting items and share-based payments $m	Adjusting items and share-based payments $m	Total $m
Revenue						
North America	**203.1**		**203.1**	169.9		169.9
Asia	**133.7**		**133.7**	132.0		132.0
Europe	**106.5**		**106.5**	89.5		89.5
	443.3	**-**	**443.3**	**391.4**	–	**391.4**
Cost of sales	**(339.4)**	**-**	**(339.4)**	(300.7)	–	(300.7)
Gross profit	**103.9**	**-**	**103.9**	90.7	–	90.7
Operating expenses	**(61.0)**	**(12.2)**	**(73.2)**	(59.1)	(14.5)	(73.6)
Operating profit/(loss)	**42.9**	**(12.2)**	**30.7**	31.6	(14.5)	17.1
Share of net profit from associates and joint ventures	**0.8**	**-**	**0.8**	–	–	–
Finance income	**0.3**	**-**	**0.3**	0.3	–	0.3
Finance costs	**(2.4)**	**-**	**(2.4)**	(1.5)	–	(1.5)
Profit/(loss) on ordinary activities before taxation	**41.6**	**(12.2)**	**29.4**	**30.4**	**(14.5)**	**15.9**
Taxation	**7.2**	**2.3**	**9.5**	(3.5)	2.3	(1.2)
Profit after tax	**48.8**	**(9.9)**	**38.9**	26.9	(12.2)	14.7

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 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.

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.

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 videoconferencing, 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 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, focussed 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.

Financial Review

	52 weeks to 4 April 2021		53 weeks to 5 April 2020	
	Revenue $'000	**Profit/(loss) $'000**	RESTATED Revenue $'000	RESTATED Profit/(loss) $'000
North America	**203.1**	**19.8**	169.9	18.9
Asia	**133.7**	**14.1**	132.0	8.9
Europe	**106.5**	**15.4**	89.5	9.6
Unallocated Central costs	–	**(6.4)**	–	(5.8)
Divisional results before share-based payments and adjusting items	**443.3**	**42.9**	391.4	31.6
Adjusting operating items		**(5.6)**		(5.8)
Share-based payment charge (see note 28)		**(6.6)**		(8.7)
Operating profit		**30.7**		17.1
Share of net profit from associates and joint ventures		**0.8**		–
Finance income		**0.3**		0.3
Finance costs		**(2.4)**		(1.5)
Profit before taxation		**29.4**		15.9
Taxation		**9.5**		(1.2)
Profit after taxation		**38.9**		14.7

Basic Earnings per share:		
Statutory	25.5 cents	9.9 cents
Underlying*	32.1 cents	18.2 cents

* Before adjusting items and share-based payments charge.

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 3 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 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.

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.

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 3) $'000**	**Total $'000**	Before adjusting items and share-based payments $'000	Adjusting items and share-based payments (Note 3) $'000	Total $'000
Revenue	2	**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	2	**42,896**	**(12,179)**	**30,717**	31,630	(14,545)	17,085
Share of net profit from associates		**827**	**-**	**827**	–	–	–
Finance income		**310**	**-**	**310**	328	–	328
Finance costs		**(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	4	**7,267**	**2,251**	**9,518**	(3,504)	2,339	(1,165)
Profit for the period attributable to the owners of the parent		**48,815**	**(9,928)**	**38,887**	26,902	(12,206)	14,696
Earnings per share (cents)							
Basic	5	**32.1**		**25.5**	18.2		9.9
Diluted	5	**30.0**		**23.9**	17.3		9.5

Consolidated Statement of Comprehensive Income

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

	2021	2020
	$'000	$'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	**(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

Consolidated Statement of Financial Position			
		2021	2020
As at 4 April 2021 (5 April 2020)	Notes	**$'000**	$'000
Non-current assets			
Goodwill		**65,558**	25,760
Other intangible assets		**39,570**	15,537
Property, plant and equipment		**32,394**	21,565
Right-of-use asset		**17,961**	8,345
Interests in associates and joint ventures		**866**	–
Other receivables		**4,451**	4,488
Deferred tax asset		**21,967**	8,955
		182,767	84,650
Current assets			
Inventories		**76,886**	57,995
Trade receivables		**100,305**	56,382
Other receivables		**10,313**	7,987
Current tax assets		**2,817**	2,154
Derivative financial instruments		**411**	-
Cash and bank balances	8	**36,551**	32,305
		227,283	156,823
Total assets		**410,050**	241,473
Current liabilities			
Borrowings	8	**9,556**	225
Lease liabilities		**4,567**	3,498
Trade payables		**72,137**	39,653
Other payables		**56,393**	38,453
Current tax liabilities		**9,520**	8,384
Retirement benefit obligation		**1,110**	982
Provisions	9	**1,801**	834
Derivative financial instruments		**38**	1,819
		155,122	93,848
Net current assets		**72,161**	62,975
Non-current liabilities			
Borrowings		**34,238**	–
Non-current lease liabilities		**15,454**	7,385
Other payables		**9,084**	570
Deferred tax liabilities		**7,845**	6,130
Retirement benefit obligation		**4,099**	2,492
Provisions	9	**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	11	**61,969**	60,189
Share premium account		**60,856**	46,414
Non-distributable reserves		**2,455**	2,455
Hedging and translation reserve		**(4,130)**	(9,506)
Own shares	12	**(3,257)**	(1,024)
Retained earnings		**66,027**	32,004
Total equity		**183,920**	130,532

Consolidated Statement of Changes in Equity

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

	Share capital	Share premium account	Non-distributable reserves	Hedging and translation reserve	Own shares	Retained earnings	Total equity
	$'000	$'000	$'000	$'000	$'000	$'000	$'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	7	**38,695**	51,735
Cash flow generated from/(used in) investing activities			
Interest received		**30**	22
Acquisition of businesses, net of cash acquired		**(40,927)**	(22,701)
Contingent consideration for businesses acquired		**(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		**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		**(6,016)**	(1,956)
Net purchase of shares for share schemes		**(9,046)**	(4,634)
Refinancing costs paid		**(1,143)**	(659)
New bank loans raised		**37,219**	7,000
Repayment of borrowings		**(3,143)**	(7,056)
Inflow from factoring		**469**	–
Interest element of lease payments		**(684)**	(553)
Receipt from lease debtor		**538**	499
Capital element of lease payments		**(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		**31,649**	20,593
Effect of foreign exchange rate changes		**1,261**	(280)
Cash and cash equivalents at end of period	8	**36,551**	31,649

1 Basis of preparation

The preliminary announcement for the 52 weeks ended 4 April 2021 has been prepared in accordance with the accounting policies as disclosed in Volex plc’s Annual Report and Accounts 2020, as updated to take effect of any new accounting standards applicable for the period as set out in Volex plc's Interim Statement 2021.

The annual financial information presented in this preliminary announcement is based on, and is consistent with, that in the Group’s audited financial statements for the 52 weeks ended 4 April 2021, and those financial statements will be delivered to the Registrar of Companies following the Company’s Annual General Meeting. The independent auditors’ report on those financial statements is unqualified and does not contain any statement under section 498 (2) or 498 (3) of the Companies Act 2006.

Information in this preliminary announcement does not constitute statutory accounts of the Group within the meaning of section 434 of the Companies Act 2006. The full financial statements for the Group for the 53 weeks ended 5 March 2020 have been delivered to the Registrar of Companies. The independent auditors’ report on those financial statements was unqualified and did not contain a statement under section 498 (2) or 498 (3) of the Companies Act 2006.

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.

This preliminary announcement was approved by the Board of Directors on 17 June 2021.

2 Business and geographical segments

Operating segments

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. The change in reporting structure has not resulted in a change to the Group's previously reported cash generating units ('CGUs').

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.

	52 weeks to 4 April 2021		53 weeks to 5 April 2020	
	Revenue $'000	**Profit/(loss) $'000**	RESTATED Revenue $'000	RESTATED 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

2 Business and geographical segments (continued)

Charges for share-based payments and adjusting items have not been allocated to regions as management report and analyse division profitability at the level shown above. The accounting policies of the reportable segments are in accordance with the Group's accounting policies.

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**	
		RESTATED		
	2021	2020	**2021**	2020
	$'000	$'000	**$'000**	$'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

3 Adjusting items and share-based payments

	2021	2020
	$'000	$'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	**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 (note 4)	**(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).

3 Adjusting items and share-based payments (continued)

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 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.

4 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	**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.

4 Taxation (continued)

The Group recognises provisions for uncertain tax positions when the Group has a present obligation as a result of a past event and management judge 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.

5 Earnings per ordinary share

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

Earnings	**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	**5,550**	5,808
Share-based payments charge	**6,629**	8,737
Tax effect of adjusting items and share-based payments	**(2,251)**	(2,339)
Underlying earnings	**48,815**	26,902

	No. shares	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

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 payments 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

5 Earnings per ordinary share (continued)

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 payments 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.

6 Bank facilities

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 the 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.

The amount available under the facility at 4 April 2021 was $37,317,000 (2020: $30,000,000). The facility is secured by fixed and floating charges over the assets of certain Group companies.

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.

7 Notes to cash flow statement

	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 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

8 Analysis of net (debt)/funds

	Cash and cash equivalents $'000	Bank loans $'000	Factoring $'000	Lease liabilities $'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. During the prior year $659,000 was capitalised related to the extension of the previous facility. The resulting debt issue cost of the new facility are being amortised over the life of the facility.

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

9 Provisions

	Property	Corporate restructuring	Other	Total
	$'000	$'000	$'000	$'000
At 31 March 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**
Less: included in 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 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.

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

	2021	2020
	$'000	$'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	**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 not acquired in a business combination	**100**	97
Underlying EBITDA	**50,781**	38,149

11 Share capital

Group	**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

11 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.

12 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.

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.

12 Own shares and non-distributable reserves (continued)

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.

13 Business combinations

DE-KA

On the 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 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:

Fair value of consideration transferred	**$'000**
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 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.

13 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 $13,018,000 and operating profit of $12,164,000 to the results of the Group.

13 Business combinations (continued)

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**

14 Events after 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.