11 November 2021

VOLEX plc

Half year results for the 26 weeks ended 3 October 2021

Strong trading and strategic progress with investment in growth

Volex plc ("Volex"), the global supplier of integrated manufacturing services and power products, today announces its half year results for the 26 weeks ended 3 October 2021 ("H1 FY2022").

Financial Summary	**26 weeks to 3 October 2021**	**26 weeks to 4 October 2020**	% Change
Revenue	**$292.7m**	**$202.5m**	44.5%
Underlying* operating profit	**$27.3m**	**$20.8m**	31.3%
Statutory operating profit	**$21.2m**	**$14.3m**	48.3%
Underlying* profit before tax	**$25.4m**	**$20.9m**	21.5%
Statutory profit before tax	**$19.4m**	**$14.4m**	34.7%
Basic earnings per share	**11.0c**	**10.2c**	7.8%
Interim dividend per share	**1.2p**	**1.1p**	9.1%
Net debt / (cash) (before lease liabilities) **	**$21.8m**	**($32.0m)**	

* Before adjusting items (non-recurring items and amortisation of acquired intangibles) and share-based payments
** Net debt / (cash) is presented before lease liabilities of $18.3m (4 October 2020: $11.7m)

Financial and Operational Highlights

- Strong reported revenue growth of 44.5% to $292.7m reflecting high levels of customer demand in all sectors
- Underlying operating profit increased by 31.3% to $27.3m supported by robust management of inflationary cost pressures and a proactive approach to successfully manage extended lead times in global supply chains
- Announced three North American acquisitions, two of which were announced post period-end, focused on defence, military aerospace, off-highway automotive and consumer electricals
- Delivered further investment with vertical integration in the high-growth and strategically significant markets of electric vehicles and high-speed data centre cables
- Interim dividend increased by 9.1% to 1.2 pence per share reflecting confidence in ongoing prospects of the business

Market Highlights

- Electric Vehicles – continued excellent sales growth of 210% year-on-year in electric vehicles market reflecting strong position in grid-cords as well as expansion into other products
- Consumer Electricals – demand for consumer electricals buoyant with sales up 74% year-on-year, including positive impact from the acquisition of DE-KA
- Medical – sales to medical customers increased 15% as sector begins its recovery from Covid-19 with access to hospitals starting to improve
- Complex Industrial Technology – demand for complex assemblies returned, although slight reduction in year-on-year revenue following high levels of demand for data centre products in the first half of FY2021

Outlook

- Robust first half of the year coupled with a strong forward order book, means Volex is on course to deliver on its full-year consensus market expectations
- Mindful of potential for disruptions caused by global component shortages and shipping issues however, at present, continuing to successfully manage these risks
- The acquisition of Irvine completed on 29 October 2021 and the acquisitions of Prodamex and TC are expected to complete in quarter three of FY2022 with a growing pipeline of opportunities and a track record of acquiring and integrating businesses which support strategic objectives
- The longer-term prospects for the business are excellent and investment continued to increase capacity and strengthen capabilities with a focus on growth markets

Nat Rothschild, Volex's Executive Chairman said:

"By delivering on our strategy to create a diverse, resilient and flexible global manufacturing business, we have successfully managed the well-documented global supply chain challenges and Covid-19 restrictions and continue to achieve high rates of utilisation across all of our facilities.

We continue to invest in new capacity and capability in our manufacturing facilities to support expanding customer demand and deliver on our long-term growth prospects while executing against our M&A plans. The agreed acquisitions of Irvine and TC are in line with our strategy to diversify into defence markets whilst Prodamex complements the recent DE-KA acquisition and expands our domestic appliances presence into North America.

With excellent long-term prospects from organic growth and acquisitions, we are confident in our strategy, our operating model and our ability to create further shareholder value. Therefore, while we remain mindful of the challenges faced by all manufacturing businesses from continued extended lead times in the global supply chain, we are today reaffirming our outlook for the remainder of the year."

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About Volex plc

Volex plc (AIM:VLX) is a global leader in integrated manufacturing for performance-critical applications and a designer and manufacturer 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, medical applications, consumer electricals and complex industrial technology. We are headquartered in the UK and operate from 18 manufacturing locations with a global workforce of over 6,400 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. For more information, please visit www.volex.com

Definitions

The Group presents some significant items separately to provide clarity on the underlying performance of the business. This includes significant one-off costs and income 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 payments. 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.

RESULTS FOR THE 26 WEEKS ENDED 3 OCTOBER 2021

Group overview

Volex is a global leader in integrated manufacturing for performance-critical applications and a designer and manufacturer 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.

Although some of our customers have been affected by extended component lead times, we continue to experience robust demand across all markets. Our diverse customer base and niche positions in high-mix, low-volume manufacturing reduces our reliance on any particular individual component.

We have seen extended lead times and increased costs for some raw materials. We are able to pass through component cost increases to our customers, being an established practice for our organisation. We are working closely with our customers to manage lead times and meet their expectations. Indeed, we believe that our customer relationships have strengthened due to our support in navigating the current supply chain complexities.

We continue to invest in our existing operations to support high growth areas of the business and to further optimise our manufacturing processes.

During the period, we have once again demonstrated our ability to identify attractive acquisition opportunities that align with our strategy and complement our existing offering. These acquisitions provide us with the capability to manufacture complete electro-mechanical and electronic sub-assemblies, and advanced niche printed circuit board (PCB) assembly products, to provide additional value for our customers.

We continue to have an exciting pipeline of potential acquisitions as part of our strategy for growth. We have strict criteria and set methodology to identify businesses that can enhance our capabilities, broaden customer relationships and access attractive markets consistent with our operating model.

We have announced an interim dividend of 1.2 pence per share which will be paid on 14 December 2021 to those shareholders on the register on 19 November 2021. The Ex-dividend date will be 18 November 2021.

Trading performance overview

The half year to 3 October 2021 has seen the Group continue to grow, with revenues and underlying operating profit well ahead of last year, despite multiple market-related challenges such as supply chain disruption, commodity inflation and the US dollar remaining weak against the Renminbi. This provides us with confidence in our business model and our ability to continue to manage future headwinds.

$’000	**26 weeks ended 3 October 2021 Total**	26 weeks ended 4 October 2020 Total
Revenue	**292,748**	202,465
Cost of Sales	**(230,339)**	(151,706)
Underlying gross profit*	**62,409**	50,759
Underlying gross margin	***21.3%***	*25.1%*
Underlying operating costs*	**(35,159)**	(29,951)
Underlying operating profit*	**27,250**	20,808
Underlying operating margin	***9.3%***	*10.3%*
Underlying EBITDA*	**31,785**	24,258

* Before adjusting items and share-based payment charges

Revenue for the first half of the year increased by 44.5% compared to H1 FY2021, including the impact of the acquisition of DE-KA. Customer demand has been strong across our markets throughout the period.

The demand from Electric Vehicles customers was particularly strong with revenues more than trebling year-on-year.

Consumer Electricals demand was positive with revenue growing 74% from H1 FY2021 aided by higher copper prices and the acquisition of DE-KA.

There has been a strong return of demand in the period within the Medical sector for assemblies used in large medical devices, with major customers reporting increased order books.

The demand from Complex Industrial Technologies customers also held up well, although overall revenue is slightly lower than the first half of FY2021. Last year, there was increased demand from some data centre customers as they sought to reduce the potential impact of Covid-19 related disruption on their supply of high-speed cables. The demand for these cables has normalised.

We look to pass on higher component and commodity costs to our customers through contractual mechanisms and regular repricing. We have experienced increased freight and copper costs during the period. These have been passed on to customers, increasing revenue but not the absolute margins on individual products. This results in slightly lower gross margins as a percentage of revenue. There is also a small time lag in passing through such cost increases, which has an adverse impact on margins when prices are rising. This becomes a positive impact when prices are falling. There was an adverse impact on gross margin from these effects of 1.5%.

There is an adverse impact of 0.8% on gross margin from a higher mix of more simple products, including 0.4% from our acquisition of DE-KA. In addition, margins were reduced by 0.8% due to foreign exchange movements and 0.7% due to employment tax savings that were available in the prior year that did not repeat in H1 FY2022. In addition to these movements, at an operating profit level, there was a 1.2% improvement in margins from careful cost control and a 1.6% benefit following the acquisition of DE-KA.

Underlying operating costs increased by $5.2 million to $35.2 million (H1 FY2021: $30.0 million), as the business has grown, partly attributable to the acquisition of DE-KA. However, underlying operating costs as a percentage of revenue have reduced in the period from 14.8% in H1 FY2021 to 12.0% reflecting management's continued tight control over operating expenditure. The increased costs reflect the investment costs in strengthening our capabilities and capacity across the Group in addition to the impact of incremental expenditure within our sales and marketing team. We also increased our spending on research and development, focusing on areas where we believe there is a strong opportunity to deliver revenue growth in future periods. Our investment in development activities in previous years has resulted in patents which are delivering incremental sales opportunities.

This has been a dynamic period, including the integration of a new acquisition, a return of customer demand in the Medical and Complex Industrial Technology markets and challenges due to extended lead times in global supply chains. We also announced the acquisition of Irvine during the period and the acquisitions of Prodamex and TC after the period end. Volex has a diverse and resilient operating model, with a focus on agile decision making and achieving continued operational efficiencies. This has resulted in revenue growth and strong operating profits with margins in line with our long-term objectives.

Revenue by customer sector

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 and relevant technology to electric vehicle charging. Our customers are looking for a robust product, designed with reliability and having safety as the priority. Our expertise has enabled us to broaden our customer base and expand the range of products we sell to individual customers. As sales of electric vehicles increase, we expect the sector to become more competitive. We are therefore investing in our manufacturing capabilities to ensure we remain one of the lowest cost producers.

Revenue from our electric vehicle customers grew to $45.3 million (H1 FY2021: $14.6 million), a year-on-year increase of 210%. Demand in the first quarter of the year was very strong, slightly tapering in the second quarter as component shortages impacted our customers' production.

Consumer Electricals

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

With many consumers spending more time at home during the Covid-19 pandemic, demand for entertainment, home-office equipment and home renovation products were elevated. The consumer electricals market has remained buoyant throughout the period, with continued high levels of demand. Revenue grew to $127.4 million (H1 FY2021: $73.2 million), also benefitting from the acquisition of DE-KA at the end of the last financial year. DE-KA has traded very strongly since acquisition, beating our stretching acquisition targets. We have passed on higher copper costs to our customers which has increased revenue by approximately $8 million. We anticipate normalisation in this sector in the second half of the year.

Medical

We are very proud of our capabilities in the medical devices supply chain. We operate across multiple segments within medical markets, with our complex assemblies utilised in smaller medical devices for patient treatment and monitoring, as well as larger medical devices.

Covid-19 placed a tremendous amount of pressure on healthcare systems around the world in the prior year, resulting in changes in the profile of spend on medical technology as access to hospitals was restricted and spending focused on Covid-19 treatment. We have seen a strong return of demand for assemblies used in large, non-Covid related medical devices, such as patient imaging and robotic surgery devices. Medical revenue increased to $62.0 million (H1 FY2021: $54.0 million), reflecting this recovery during H1 FY2022. Production levels in the period were above our expectations, although we have seen some increased lead times for certain components.

We believe that the outlook for large medical equipment is positive as the impact of Covid-19 on healthcare systems continues to diminish. Governments and healthcare providers will need to prioritise investment in technologies to support screening procedures and routine operations that have been delayed. 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. This supports our view that there is significant pent-up demand for medical equipment to accelerate patient screening and therapy following the deferment of treatment during the pandemic.

Complex Industrial Technology

Our 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. With a customer-centric approach and experienced production engineers who maintain rigorous quality standards, Volex is a manufacturing partner for some of the biggest technology names.

Revenue for Complex Industrial Technology customers was slightly lower at $58.1 million (H1 FY2021: $60.7 million) as the prior period included particularly strong demand for high-speed data centre products as customers built up inventory to mitigate against potential disruption in the supply chain. Despite this, there has been strong demand from customers requiring complex assemblies for industrial technology applications throughout the period.

We have successfully developed a 400Gbps product for the high speed data centre sector for which we anticipate strong demand in FY2023. In the second half of the year, we expect to see a transitional period with a reduction in demand for 100Gbps cables before the industry begins the rollout and adoption of 400Gbps cables. We have a customer qualified 400Gbps product and expect revenues to increase in FY2023.

Revenue by market

We operate a global, interconnected and integrated business. This allows us to serve blue-chip customers around the world. Customers often require manufacturing in multiple locations to reduce risk in their supply chains. We respond by developing flexibility at our sites so we can meet a variety of customer requirements within one facility. We also have a regional focus in our business to ensure that we offer exceptional customer service. We analyse our revenue geographically by region, with the regional allocation based on where the customer relationship is held. This reflects the fact that we are a customer-centric organisation.

North America

North America is our largest customer region and we work with some of the largest technology companies and global innovators. North America is 41.4% of overall revenue (H1 FY2021: 45.9%). Revenue grew by 30.5% in the period to $121.2 million (H1 FY2021: $92.9 million). This includes some of the strong growth that we experienced from electric vehicle customers.

Europe

Revenues in Europe grew by 124.7% to $100.9 million (H1 FY2021: $44.9 million) primarily due to the impact of DE-KA which was acquired in February 2021. The Group has also seen growth across its key customer markets in this region including medical, industrial and electric vehicles.

Asia

Asia revenue was $70.7 million (H1 FY2021 $64.6 million). The majority of revenue in this region is in consumer electricals. Demand in the first half remained strong.

Group adjusting items and share-based payments

Adjusting items and share-based payments totalled $6.1 million in the period (H1 FY2021: $6.5 million). These costs are made up of $5.0 million (H1 FY2021: $2.3 million) of amortisation of acquisition-related intangible assets, $2.5 million (H1 FY2021: $4.0 million) of share-based payments expense and $1.1 million (H1 FY2021: $0.2 million) of acquisition costs mainly related to the acquisitions of Irvine, Prodamex and TC. Partially offsetting these items was a gain of $2.6 million recognised on the forgiveness of Paycheck Protection Program (PPP) loans provided to parts of the Group's North America operations. Share-based payments include awards made to incentivise senior management, as well as awards granted to the management teams within acquired companies.

Group taxation

The Group incurred a tax charge of $2.2 million (H1 FY2021: tax credit of $1.1 million), representing an effective tax rate of 11.2% (H1 FY2021: -7.4%). The underlying tax charge of $3.7 million (H1 FY2021: $nil) represents an effective tax rate of 14.7% (H1 FY2021: 0.2%). The underlying current tax charge is calculated by reference to the taxable profits in each individual entity and the local statutory tax rates. An underlying deferred tax credit of $1.4 million (H1 FY2021: tax credit of $2.9 million) arose due to an increase in the net deferred tax asset recognised.

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. As at 3 October 2021, the Group has net current tax liabilities of $7.6 million (FY2021: $6.7 million) which include $7.3 million (FY2021: $7.9 million) of provisions for tax uncertainties.

The carrying amount of deferred tax assets is reviewed at each reporting date and recognised to the extent that it is probable that there are sufficient taxable profits to allow all or part to be recovered. Deferred tax assets have been recognised based on future forecast taxable profits. As at the reporting date the Group has recognised deferred tax assets of $23.7 million (FY2021: $22.0 million) and deferred tax liabilities of $7.5 million (FY2021: $7.8 million).

Group net debt and cash flows

During the first half of the year, inventory has increased significantly to support the growth of the business and as a direct result of increases in lead times in the global supply chain, as well as longer shipping times between production facilities and customers. This has partially offset cash generated by our underlying business operations.

Net debt (before lease liabilities) increased from the year end to $21.8 million ($7.2 million at 4 April 2021) largely due to the inventory increase described above. The Group generated underlying free cash flow after capital expenditure and tax, but before the cost of acquisitions, of $3.0 million. This included an operating cash inflow of $30.0 million and an adverse working capital movement of $18.7 million, as well as capital expenditure of $4.9 million and tax paid of $3.0 million. The adverse working capital movement is due to the significant growth in the business along with extended shipping times for sea freight and increased lead times on components leading to an increase in inventory levels. Compared with H1 FY2021 there were an extra 6 days of inventory held by the business at the end of the period. Inventory levels are expected to normalise, but this may not occur in the second half of the year. Accounts receivable and accounts payable balances also increased as a result of the growth in the business. The Group also had lease liabilities of $18.3 million ($20.0 million at 4 April 2021). This produces a statutory net debt position of $40.1 million.

When the Irvine, Prodamex and TC acquisitions are completed, net debt is expected to increase by approximately $35 million.

Acquisition strategy

The successful acquisition and integration of quality businesses is a significant part of our strategy. Our typical acquisition target is a well performing business in a sector where we already have deep understanding and experience. We are attracted to businesses with excellent customer lists and good capabilities which drive long-term customer relationships. Our acquisition pipeline is focused on businesses which have additional value-add capabilities and access to existing or adjacent markets. The geographic location of the target is also a strategic consideration, including low-cost markets in which our current customers operate.

Targets that require significant integration or restructuring effort are only considered where we can identify the management resources to lead this activity. We look to optimise the value created from each acquisition, and only progress opportunities that meet strict value criteria which are tailored to each transaction based on the specific characteristics of the target. Our aim is to grow the Group's run-rate revenue by approximately ten percent each year by acquiring attractive, cash generative businesses.

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 these opportunities are qualified and approved by an investment committee before we progress to negotiation. We only proceed to due diligence where there is alignment on the commercial terms.

Having completed six acquisitions in three years from investment of some $140 million, we have a well-developed approach and a significant track record in execution. With the announcement of three further acquisitions, Irvine, Prodamex and TC, since the beginning of the year, we have again demonstrated our proven ability to identify quality businesses in attractive markets.

We have a growing acquisition pipeline containing highly 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 is critical and we qualify every acquisition extensively using our deep industry knowledge to find the best opportunities. We firmly believe that our strength in this area will be a significant value driver.

Investing in our business

Over the past eighteen months we have invested significantly in our business with a factory extension in Batam, Indonesia and a facility relocation in Suzhou, China completed in FY2021.

During the period we have increased our research and development activities in Suzhou and recruited additional specialists to drive our product development programmes. We have also begun to expand our capabilities through investment in vertical integration, which will accelerate through the second half of the year. Our investment programmes are focused on high-growth markets, with the successful development of a 400Gbps product for our high-speed data centre customers a prime example. There are further investment opportunities within our operations that will deliver good cash returns.

Risks and uncertainties

Risks to Volex are anticipated and regularly assessed and internal controls are enhanced where necessary to ensure that such risks are appropriately mitigated. There are a number of potential risks that could have a material impact on the Group's financial performance. The principal risks and uncertainties include competitive threats, legal and regulatory issues, dependency on key suppliers or customers, movements in commodity prices or exchange rates, and quality issues. These risks and the relevant risk-mitigation activities are set out in the FY2021 Annual Report and Accounts on pages 36 to 40, a copy of which is available on the website at www.volex.com.

Outlook

Having delivered a robust performance in the first half of the year, coupled with a strong forward order book, the Board remains confident in delivering on full-year consensus market expectations, absent any material disruptions to our business from the extended lead times that are impacting on global supply chains.

The acquisition of Irvine completed on 29 October 2021 and the acquisitions of Prodamex and TC are expected to complete in quarter three of FY2022. We have a growing pipeline of acquisition opportunities and a track record of identifying and integrating businesses that support our strategic objectives.

The longer-term prospects for our business are excellent and we continue to invest in increasing capacity and strengthening our capabilities in our key facilities to meet customer demand with a particular focus on growth areas.

Nat Rothschild
Group Executive Chairman
11 November 2021

Jon Boaden
Group Chief Financial Officer
11 November 2021

Unaudited consolidated income statement

For the 26 weeks ended 3 October 2021 (26 weeks ended 4 October 2020)

		26 weeks ended 3 October 2021			26 weeks ended 4 October 2020		
	Notes	**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
Revenue	2	**292,748**	**-**	**292,748**	202,465	-	202,465
Cost of sales		**(230,339)**	**-**	**(230,339)**	(151,706)	-	(151,706)
Gross profit		**62,409**	**-**	**62,409**	50,759	-	50,759
Operating expenses		**(35,159)**	**(8,646)**	**(43,805)**	(29,951)	(6,502)	(36,453)
Other income	3	**-**	**2,584**	**2,584**	-	-	-
Operating profit	2	**27,250**	**(6,062)**	**21,188**	20,808	(6,502)	14,306
Share of net profit from associates		**84**	**-**	**84**	637	-	637
Finance income		**153**	**-**	**153**	155	-	155
Finance costs		**(2,069)**	**-**	**(2,069)**	(720)	-	(720)
Profit on ordinary activities before taxation		**25,418**	**(6,062)**	**19,356**	20,880	(6,502)	14,378
Taxation	4	**(3,749)**	**1,579**	**(2,170)**	(37)	1,096	1,059
Profit for the period attributable to the owners of the parent		**21,669**	**(4,483)**	**17,186**	20,843	(5,406)	15,437
Earnings per share (cents)							
Basic	5	**13.8**		**11.0**	13.7		10.2
Diluted	5	**13.0**		**10.3**	12.9		9.5

		52 weeks ended 4 April 2021		
	Notes	Before Adjusting items $'000	Adjusting Items and share-based payments $'000	Total $'000
Revenue	2	443,313	-	443,313
Cost of sales		(339,437)	-	(339,437)
Gross profit		103,876	-	103,876
Operating expenses		(60,980)	(12,179)	(73,159)
Operating profit	2	42,896	(12,179)	30,717
Share of net profit from associates		827	-	827
Finance income		310	-	310
Finance costs		(2,485)	-	(2,485)
Profit on ordinary activities before taxation		41,548	(12,179)	29,369
Taxation		7,267	2,251	9,518
Profit/(loss) for the period attributable to the owners of the parent		48,815	(9,928)	38,887
Earnings per share (cents)				
Basic	5	32.1		25.5
Diluted	5	30.0		23.9

Unaudited consolidated statement of comprehensive income

For the 26 weeks ended 3 October 2021 (26 weeks ended 4 October 2020)

	26 weeks to 3 October 2021 $'000	26 weeks to 4 October 2020 $'000	(Audited) 52 weeks to 4 April 2021 $'000
Profit for the period	**17,186**	15,437	38,887
Items that will not be reclassified subsequently to profit or loss:			
Actuarial gain/(loss) on defined benefit pension schemes	**456**	(148)	(1,121)
Tax relating to items that will not be reclassified	**(33)**	359	544
	423	211	(577)
Items that may be reclassified subsequently to profit or loss:			
(Loss)/gain arising on cash flow hedges during the period	**(106)**	2,067	1,895
Share of other comprehensive income of associates and joint ventures accounted for using the equity method	**8**	-	37
Exchange (loss)/gain on translation of foreign operations	**(1,681)**	2,705	3,128
Tax relating to items that may be reclassified	**25**	(65)	316
	(1,754)	4,707	5,376
Other comprehensive (expense)/income for the period	**(1,331)**	4,918	4,799
Total comprehensive income for the period	**15,855**	20,355	43,686

Unaudited consolidated statement of financial position

As at 3 October 2021 (4 October 2020)	Note	**3 October 2021 $'000**	4 October 2020 $'000	(Audited) 4 April 2021 $'000
Non-current assets				
Goodwill		**64,560**	26,767	65,558
Other intangible assets		**35,122**	13,842	39,570
Property, plant and equipment		**33,547**	22,577	32,394
Right of use assets		**16,461**	9,381	17,961
Investments in associates		**959**	637	866
Other receivables		**1,201**	4,590	4,451
Deferred tax assets		**23,684**	12,158	21,967
		175,534	89,952	182,767
Current assets				
Inventories		**96,883**	66,878	76,886
Trade receivables		**111,312**	70,655	100,305
Other receivables		**13,803**	9,158	10,313
Current tax assets		**2,233**	1,908	2,817
Derivative financial instruments		**480**	379	411
Cash and bank balances	8	**21,698**	34,229	36,551
		246,409	183,207	227,283
Total assets		**421,943**	273,159	410,050
Current liabilities				
Borrowings	8	**4,374**	2,198	9,556
Lease liabilities		**3,796**	3,648	4,567
Trade payables		**87,179**	47,914	72,137
Other payables		**49,465**	42,211	56,393
Current tax liabilities		**9,813**	9,193	9,520
Retirement benefit obligation		**1,090**	1,038	1,110
Provisions		**1,761**	929	1,801
Derivative financial instruments		**205**	170	38
		157,683	107,301	155,122
Net current assets		**88,726**	75,906	72,161
Non-current liabilities				
Borrowings	8	**39,114**	-	34,238
Non-current lease liabilities		**14,479**	8,040	15,454
Other payables		**3,666**	1,435	9,084
Deferred tax liabilities		**7,473**	3,032	7,845
Retirement benefit obligation		**3,030**	2,323	4,099
Provisions		**154**	293	288
		67,916	15,123	71,008
Total liabilities		**225,599**	122,424	226,130
Net assets		**196,344**	150,735	183,920
Equity attributable to owners of the parent				
Share capital	6	**62,544**	60,322	61,969
Share premium account		**60,856**	46,414	60,856
Non-distributable reserve		**2,455**	2,455	2,455
Hedging and translation reserve		**(5,884)**	(4,799)	(4,130)
Own shares	7	**(1,836)**	(590)	(3,257)
Retained earnings		**78,209**	46,933	66,027
Total equity		**196,344**	150,735	183,920

Unaudited Consolidated Statement of Changes in Equity

For the 26 weeks ended 3 October 2021 (26 weeks ended 4 October 2020)

	Share capital $'000	Share premium account $'000	Non-distributable reserves $'000	Hedging and translation reserve $'000	Own shares $'000	Retained earnings/ (losses) $'000	Total equity $'000
Balance 5 April 2020	**60,189**	**46,414**	**2,455**	**(9,506)**	**(1,024)**	**32,004**	**130,532**
Profit for the period attributable to the owners of the parent	-	-	-	-	-	15,437	15,437
Other comprehensive income for the period	-	-	-	4,707	-	211	4,918
Total comprehensive income for the period	-	-	-	4,707	-	15,648	20,355
Exercise of deferred bonus shares	133	-	-	-	-	(133)	-
Own shares sold/(utilised) in the period	-	-	-	-	434	(1,912)	(1,478)
Dividend	-	-	-	-	-	(3,791)	(3,791)
Reserve entry for share option charges	-	-	-	-	-	2,911	2,911
Tax effect of share options	-	-	-	-	-	2,206	2,206
Balance at 4 October 2020	**60,322**	**46,414**	**2,455**	**(4,799)**	**(590)**	**46,933**	**150,735**
Balance 4 April 2021	**61,969**	**60,856**	**2,455**	**(4,130)**	**(3,257)**	**66,027**	**183,920**
Profit for the period attributable to the owners of the parent	-	-	-	-	-	17,186	17,186
Other comprehensive (expense)/income for the period	-	-	-	(1,754)	-	423	(1,331)
Total comprehensive (expense)/income for the period	-	-	-	(1,754)	-	17,609	15,855
Shares issued	575	-	-	-	-	-	575
Own shares sold/(utilised) in the period	-	-	-	-	3,381	(3,381)	-
Own shares purchased in the period	-	-	-	-	(1,960)	-	(1,960)
Dividend	-	-	-	-	-	(4,728)	(4,728)
Reserve entry for share option charges	-	-	-	-	-	2,245	2,245
Tax effect of share options	-	-	-	-	-	437	437
Balance at 3 October 2021	**62,544**	**60,856**	**2,455**	**(5,884)**	**(1,836)**	**78,209**	**196,344**

Unaudited consolidated statement of cash flows

For the 26 weeks ended 3 October 2021 (26 weeks ended 4 October 2020)

	Notes	**26 weeks to 3 October 2021 $'000**	26 weeks to 4 October 2020 $'000	(Audited) 52 weeks to 4 April 2021 $'000
Profit for the period		**17,186**	15,437	38,887
Adjustments for:				
Finance income		**(153)**	(155)	(310)
Finance costs		**2,069**	720	2,485
Income tax expense/(credit)		**2,170**	(1,059)	(9,518)
Share of net profit from associates		**(84)**	(637)	(827)
Depreciation of property, plant and equipment		**2,976**	1,863	4,613
Depreciation of right-of-use asset		**1,507**	1,540	3,172
Amortisation of intangible assets		**5,059**	2,311	5,304
Loss on disposal of property, plant and equipment		**25**	47	135
Share option charge		**2,544**	4,048	6,629
Forgiveness of PPP loan	3	**(2,584)**	-	-
Fair value adjustment to derivatives		**-**	-	(225)
Decrease in provisions		**(752)**	(643)	(293)
Operating cash flow before movements in working capital		**29,963**	23,472	50,052
Increase in inventories		**(20,440)**	(7,506)	(12,240)
Increase in receivables		**(13,421)**	(13,720)	(16,996)
Increase in payables		**15,121**	10,178	21,626
Movement in working capital		**(18,740)**	(11,048)	(7,610)
Cash generated by operations		**11,223**	12,424	42,442
Cash generated by operations before adjusting items		**11,812**	12,614	42,809
Cash utilised by adjusting items		**(589)**	(190)	(367)
Taxation paid		**(3,039)**	(1,796)	(3,116)
Interest paid		**(873)**	(191)	(631)
Net cash generated from operating activities		**7,311**	10,437	38,695
Cash flow from investing activities				
Interest received		**18**	12	30
Acquisition of businesses, net of cash acquired		**-**	-	(40,927)
Contingent consideration for businesses acquired		**(10,777)**	(1,142)	(1,281)
Proceeds on disposal of property, plant and equipment		**28**	108	378
Purchases of property, plant and equipment		**(3,918)**	(2,518)	(7,685)
Purchases of intangible assets		**(1,005)**	(76)	(132)
Proceeds from the repayment of preference shares		**20**	25	50
Net cash used in investing activities		**(15,634)**	(3,591)	(49,567)
Cash flow before financing activities		**(8,323)**	6,846	(10,872)
Cash (used)/generated before adjusting items		**(7,734)**	7,036	(10,505)
Cash utilised in respect of adjusting items		**(589)**	(190)	(367)

Unaudited consolidated statement of cash flows (continued)
For the 26 weeks ended 3 October 2021 (26 weeks ended 4 October 2020)

	Notes	**26 weeks to 3 October 2021 $'000**	26 weeks to 4 October 2020 $'000	(Audited) 52 weeks to 4 April 2021 $'000
Cash flow before financing activities		**(8,323)**	6,846	(10,872)
Cash flow from financing activities				
Dividend paid		**(4,728)**	(3,791)	(6,016)
Net purchase of shares for share schemes		**(2,039)**	(1,552)	(9,046)
New bank loan raised		**8,185**	-	37,219
Other loans		**-**	2,584	-
Repayment of borrowings		**(2,867)**	(43)	(3,143)
(Outflow)/inflow from factoring		**(2,929)**	-	469
Refinancing costs paid		**(142)**	-	(1,143)
Interest element of lease payments		**(286)**	(315)	(684)
Payment of lease liabilities		**(1,853)**	(1,948)	(3,681)
Receipt from lease debtor		**264**	267	538
Net cash (used in)/generated from financing activities	8	**(6,395)**	(4,798)	14,513
Net (decrease)/increase in cash and cash equivalents		**(14,718)**	2,048	3,641
Cash and cash equivalents at beginning of period	8	**36,551**	31,649	31,649
Effect of foreign exchange rate changes		**(135)**	532	1,261
Cash and cash equivalents at end of period	8	**21,698**	34,229	36,551

Notes to the Interim Statements

1. Basis of preparation

These interim financial statements have been prepared in accordance with UK adopted International Accounting Standard 34, 'Interim Financial Reporting' and the AIM Rules for Companies'. The condensed consolidated interim financial information should be read in conjunction with the annual financial statements for the 52 weeks ended 4 April 2021, which were prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006.

This condensed consolidated interim financial information does not comprise statutory accounts within the meaning of section 434 of the Companies Act 2006. The financial information presented for the 26 weeks ended 3 October 2021 ('H1 FY2022') and the 26 weeks ended 4 October 2020 ('H1 FY2021') has not been reviewed by the auditors. The financial information for the 52 weeks ended 4 April 2021 ('FY 2021') is extracted and abridged from the Group's full accounts for that year. The statutory accounts for FY2021 have been filed with the Registrar of Companies for England and Wales and have been reported on by the Group's auditors. The Report of the Auditors was not qualified and did not contain a statement under section 498 of the Companies Act 2006.

The Directors confirm that, to the best of their knowledge, the interim financial statements have been prepared in accordance with UK adopted IAS 34 'Interim Financial Reporting' and the AIM Rules for Companies, and that the interim report includes a fair review of the information required. The interim report was approved by the Board of Directors on 10 November 2021.

This interim report can be downloaded or viewed via the Group's website at www.volex.com. Copies of the annual report for the 52 weeks ended 4 April 2021 are available at the Company's registered office at Unit C1 Antura, Bond Close, Basingstoke, Hampshire, England, RG24 8PZ, and can also be downloaded or viewed via the Group's website.

As at 3 October 2021 the Group had net debt of $40.1 million with undrawn committed borrowing available under its revolving credit facility of $59.9m (FY2021: $37.3m). In September 2021 the Group activated the $30m accordion feature on the facility.

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

These condensed financial statements have also been prepared using accounting policies consistent with those disclosed in the annual report and accounts for the year ended 4 April 2021, which were prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006.

Impact of standards issued but not yet applied by the Group

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

2. Business and geographical segments

Business segments

The internal reporting provided to the 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.

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

	26 weeks to 3 October 2021		RESTATED[1] 26 weeks to 4 October 2020	
	Revenue $'000	**Profit/(loss) $'000**	Revenue $'000	Profit/(loss) $'000
North America	**121,150**	**9,893**	92,929	9,804
Asia	**70,687**	**5,145**	64,627	7,066
Europe	**100,911**	**15,240**	44,909	6,826
Unallocated central costs (excluding share-based payments)		**(3,028)**		(2,888)
Divisional results before share-based payments and adjusting items	**292,748**	**27,250**	202,465	20,808
Adjusting items		**(3,518)**		(2,454)
Share-based payments		**(2,544)**		(4,048)
Operating profit		**21,188**		14,306
Share of net profit from associates		**84**		637
Finance income		**153**		155
Finance costs		**(2,069)**		(720)
Profit before tax		**19,356**		14,378
Tax		**(2,170)**		1,059
Profit after tax		**17,186**		15,437

[1] Restatement: the prior year amounts have been restated to be consistent with the current year presentation and segments which were used in the FY2021 Annual report.

2. Business and geographical segments (continued)

	52 weeks to 4 April 2021	
	Revenue $'000	Profit/(loss) $'000
North America	203,102	19,808
Asia	133,750	14,128
Europe	106,461	15,432
Unallocated central costs (excluding share-based payments)	–	(6,472)
Divisional results before share-based payments and Adjusting items	443,313	42,896
Adjusting items		(5,550)
Share-based payments		(6,629)
Operating profit		30,717
Share of profit result from associates		827
Finance income		310
Finance costs		(2,485)
Profit before tax		29,369
Tax		9,518
Profit after tax		38,887

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

The adjusting items charge within operating profit for the period of $3,518,000 (H1 FY2021: $2,454,000, FY2021: $5,550,000) was split credit $391,000 (H1 FY2021: $1,179,000, FY2021: $2,277,000) to North America, $3,909,000 (H1 FY2021: $1,275,000, FY2021: $3,431,000) to Europe, $nil (H1 FY2021: $nil, FY2021: credit $158,000) to Asia. No adjusting items were allocated to central.

Other segmental 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:

	External revenue			**Non-current assets** (excluding deferred tax assets)		
	26 weeks to 3 October 2021 $'000	RESTATED[1] 26 weeks to 4 October 2020 $'000	(Audited) 52 weeks to 4 April 2021 $'000	**26 weeks to 3 October 2021 $'000**	26 weeks to 4 October 2020 $'000	(Audited) 52 weeks to 4 April 2021 $'000
Geographical segments						
North America	**121,150**	92,929	203,102	**20,719**	24,715	23,130
Asia	**70,687**	64,627	133,750	**26,412**	22,869	25,710
Europe	**100,911**	44,909	106,461	**104,719**	30,210	111,960
	292,748	202,465	443,313	**151,850**	77,794	160,800

Revenue is attributed to countries on the basis of the geographical location of the customer and delivery of the product.

[1] Restatement: the prior year amounts have been restated to be consistent with the current year presentation and segments which were used in the FY2021 Annual report.

3. Adjusting items and share-based payments

	26 weeks to 3 October 2021 $’000	26 weeks to 4 October 2020 $’000	(Audited) 52 weeks to 4 April 2021 $’000
Amortisation of acquired intangibles	**5,007**	2,264	5,204
Acquisition costs	**1,005**	190	367
Adjustments to fair value of contingent consideration	**90**	-	(158)
Pension past service costs	**-**	-	137
PPP loan forgiveness	**(2,584)**	-	-
Total adjusting items	**3,518**	2,454	5,550
Share-based payments charge	**2,544**	4,048	6,629
Total adjusting items and share-based payments before tax	**6,062**	6,502	12,179
Adjusting items tax credit	**(1,579)**	(1,096)	(2,251)
Adjusting items and share-based payments after tax	**4,483**	5,406	9,928

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

The adjusting items and share-based payments are included under the statutory classification appropriate to their nature but are separately disclosed on the face of the income statement to assist in understanding the underlying financial performance of the Group.

Associated with the acquisitions, the Group has recognised certain intangible assets related to customer relationships and order backlogs. During H1 FY2022, the amortisation charge on these intangible assets totalled $5,007,000 (FY2021 H1: $2,264,000, FY2021: $5,204,000). The amortisation of these intangibles is non-cash and split between DE-KA ($2,743,000), Servatron ($1,070,000), GTK ($587,000), Silcotec ($579,000) and MC Electronics ($28,000).

Acquisition-related costs of $1,005,000 (FY2021 H1: $190,000, FY2021: $367,000) are mainly related to the recently announced acquisitions of Irvine Electronics, Inc., Prodamex SA de CV and Terminal & Cable TC Inc. These costs cover legal and professional fees associated with the transactions. In the prior year, the Group incurred acquisition related costs of $367,000 relating to the acquisition of De-Ka Elektroteknik Sanayi ve Ticaret Anonim Şirketi. These costs represented legal and professional fees associated with the transaction.

A loss of $90,000 (FY2021 H1: $nil, FY2021: gain of $158,000) was recognised on the remeasurement of contingent consideration relating to completed acquisitions.

A gain of $2,584,000 was recognised on the forgiveness of PPP loans provided to parts of the Group’s North America’s operations. These loans were provided at the start of the pandemic and were previously recognised as a financial liability within current borrowings in the FY2021 balance sheet. Upon receipt of notification of forgiveness of the debts during the current period, a gain on extinguishment of the debt has been recognised as an adjusting item within other income in accordance with applicable accounting standards.

In 2019, the Group recognised a pension past service cost of $480,000 in adjusting items as a result of Guaranteed Minimum Pension (GMP) equalisation following a legal judgement requiring all pension schemes to conduct an equalisation of male and female members’ benefits for the effect of unequal GMPs. The additional cost of $137,000 in FY2021 arose as a result of a further legal judgement which confirmed there was also an obligation to pay additional amounts where certain past transfer payments had not been equalised for the effects of GMPs.

4. Tax charge

The Group incurred a tax charge of $2,170,000 (H1 FY2021: tax credit of $1,059,000), representing an effective tax rate of 11.2% (H1 FY2021: -7.4%). The underlying tax charge of $3,749,000 (H1 FY2021: $37,000) represents an effective tax rate of 14.7% (H1 FY2021: 0.2%). The underlying current tax charge is calculated by reference to the taxable profits in each individual entity and the local statutory tax rates. An underlying deferred tax credit of $1,411,000 (H1 FY2021: $2,866,000) arose due to an increase in the net deferred tax asset recognised.

The Group operates in a number of different tax jurisdictions and is subject to periodic tax audits by local authorities in the normal course of business on a range of tax matters in relation to corporate tax and transfer pricing. As at 3 October 2021, the Group has net current tax liabilities of $7,580,000 (FY2021: $6,703,000) which include $7,250,000 (FY2021: $7,855,000) of provisions for tax uncertainties.

The carrying amount of deferred tax assets is reviewed at each reporting date and recognised to the extent that it is probable that there are sufficient taxable profits to allow all or part to be recovered. Deferred tax assets have been recognised based on future forecast taxable profits. As at the reporting date the Group has recognised deferred tax assets of $23,684,000 (FY2021: $21,967,000) and deferred tax liabilities of $7,473,000 (FY2021: $7,845,000).

Before offset for financial reporting purposes, a deferred tax asset of $10,574,000 (FY2021: $8,604,000) is in relation to tax losses, $8,094,000 (FY2021: $7,806,000) to short term timing differences, $658,000 to accelerated tax depreciation (FY2021: $601,000) and $4,664,000 (FY2021: $5,565,000) relates to share-based payments. A deferred tax liability of $1,328,000 (FY2021: $1,125,000) relates to the unremitted earnings of overseas subsidiaries and $6,451,000 (FY2021: $7,329,000) relates to intangible assets.

5. Earnings per ordinary share

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

Earnings	**26 weeks to 3 October 2021 $'000**	26 weeks to 4 October 2020 $'000	(Audited) 52 weeks to 4 April 2021 $'000
Earnings for the purpose of basic earnings per share	**17,186**	15,437	38,887
Adjustments for:			
Adjusting items	**3,518**	2,454	5,550
Share-based payments charge	**2,544**	4,048	6,629
Tax effect of above adjustments and other adjusting item tax movements	**(1,579)**	(1,096)	(2,251)
Underlying earnings	**21,669**	20,843	48,815

Weighted average number of ordinary shares	**No. shares**	No. shares	No. shares
Weighted average number of ordinary shares for the purpose of basic earnings per share	**156,562,086**	151,816,604	152,230,980
Effect of dilutive potential ordinary shares – share options	**9,649,535**	10,370,884	10,288,152
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**166,211,621**	162,187,488	162,519,132

Basic earnings per share	**Cents**	Cents	Cents
Basic earnings per share from continuing operations	**11.0**	10.2	25.5
Adjustments for:			
Adjusting items	**2.2**	1.6	3.7
Share-based payments charge	**1.6**	2.6	4.4
Tax effect of above adjustments and other adjusting items tax movements	**(1.0)**	(0.7)	(1.5)
Underlying basic earnings per share	**13.8**	13.7	32.1

Diluted earnings per share	**Cents**	Cents	Cents
Diluted earnings per share	**10.3**	9.5	23.9
Adjustments for:			
Adjusting items	**2.1**	1.5	3.4
Share-based payments charge	**1.5**	2.6	4.1
Tax effect of above adjustments and other adjusting items tax movements	**(0.9)**	(0.7)	(1.4)
Underlying diluted earnings per share	**13.0**	12.9	30.0

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

6. Share capital

	26 weeks to 3 October 2021 $'000	26 weeks to 4 October 2020 $'000	(Audited) 52 weeks to 4 April 2021 $'000
Issued and fully paid: 158,718,709 (FY2021: 157,052,041) Ordinary shares of 25p each	**62,544**	60,322	61,969

On 16 July 2021, the Group issued 1,666,668 shares to satisfy the vesting of the share awards granted to the senior employees and/or former owners of Servatron and GTK.

7. Own shares

	26 weeks to 3 October 2021 $'000	26 weeks to 4 October 2020 $'000	(Audited) 52 weeks to 4 April 2021 $'000
At the start of the period	**3,257**	1,024	1,024
Disposed of in the period on exercise of options	**(3,381)**	(434)	(1,726)
Purchase of shares	**1,960**	-	3,959
At end of the period	**1,836**	590	3,257

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

During H1 FY2022 the EBT purchased 300,000 shares at a cost of $1,350,000 and subscribed to 1,666,668 ordinary shares. During the period 1,897,407 shares were utilised on the exercise of share awards. The number of ordinary shares held by the Volex Group plc Employee Share Trust at 3 October 2021 was 1,000,838 (H1 FY2021: 206,576, FY2021: 931,577).

8. Analysis of net debt

	4 April 2021 $'000	New leases $'000	Cash flow $'000	Exchange movement $'000	Other non-cash changes $'000	**3 October 2021 $'000**
Cash & cash equivalents	36,551	-	(14,718)	(135)	-	**21,698**
Bank loans	(38,131)	-	(5,318)	180	2,584	**(40,685)**
Factoring	(6,736)	-	2,929	21	-	**(3,786)**
Debt issue costs	1,073	-	142	(18)	(214)	**983**
Lease liability	(20,021)	(270)	2,139	163	(286)	**(18,275)**
Net debt	(27,264)	(270)	(14,826)	211	2,084	**(40,065)**

	3 October 2021 $'000	4 October 2020 $'000	4 April 2021 $'000
Cash and bank balances	**21,698**	34,229	36,551
Overdrafts	**-**	-	-
Cash and cash equivalents	**21,698**	34,229	36,551

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

9. Related parties

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

The Group has a 26.09% interest in Kepler SignalTek Limited, which is accounted for as an associate. During the period the Group accrued financial income of $103,000 on the preference shares (H1 FY2021: $97,000, FY2021: $195,000). The balance due from the associate as at the period end date was $2,197,000 (H1 FY2021: $2,055,000, FY2021: $2,121,000).

The Group also has a 43% interest in Volex-Jem Co. Ltd. During the current and prior period, no transactions have occurred between the Group and Volex-Jem Co. Ltd or Volex – Jem Cable Precision (Dongguan) Co. Limited, an entity controlled by Volex-Jem Co. Ltd. The balance due to the associates as at the period end was $81,000 (H1 FY2021: $81,000, FY2021: $81,000).

A number of share transactions with Directors have occurred during the period in line with share awards outstanding at the prior year end and as disclosed in the annual accounts for FY2021 and in line with the Director shareholding notices disclosed on the Volex website (www.volex.com).

10. Contingent Liabilities

As a global Group, subsidiary companies, in the normal course of business, engage in significant levels of cross-border trading. The customs, duties and sales tax regulations associated with these transactions are complex and often subject to interpretation. While the Group places considerable emphasis on compliance with such regulations, including appropriate use of external legal advisers, full compliance with all customs, duty and sales tax regulations cannot be guaranteed.

Through the normal course of business, the Group provides manufacturing warranties to its customers and assurances that its products meet the required safety and testing standards. When the Group is notified that there is a fault with one of its products, the Group will provide a rigorous review of the defective product and its associated manufacturing process and, if found at fault and contractually liable, will provide for costs associated with recall and repair as well as rectify the manufacturing process or seek recompense from its supplier. The Group holds a provision to cover potential costs of recall or warranty claims for products which are in the field but where a specific issue has not been reported.

11. Events after the balance sheet date

On 26 August 2021 the Company announced the proposed acquisition of the entire issued share capital of Irvine Electronics, Inc. ("Irvine") for a total consideration of $16.4 million, on a debt-free basis. The acquisition completed on 29 October 2021 subsequent to the period end.

On 8 October 2021 the Company announced the proposed acquisition of the entire issued share capital of Prodamex SA de CV ("Prodamex") and Terminal & Cable TC Inc. ("TC") for a total consideration of CAD$22.5 million, on a debt-free basis. The acquisition is expected to complete in Q3 FY2022 subject to customary closing conditions including regulatory approvals in Canada.