23 June 2022

Volex plc

Preliminary Group Results
for the 52 weeks ended 3 April 2022

Record performance and significant growth alongside new, ambitious five-year plan

Volex plc ('Volex'), a global provider of integrated manufacturing services and power products, today announces its preliminary results for the 52 weeks ended 3 April 2022 ("FY2022").

Financial Highlights	**52 weeks to 3 April 2022**	52 weeks to 4 April 2021	**Year on year change**
Revenue	**$614.6m**	$443.3m	**38.6%**
Underlying[1] operating profit	**$56.2m**	$42.9m	**31.0%**
Statutory operating profit	**$41.0m**	$30.7m	**33.6%**
Underlying[1] profit before tax	**$51.4m**	$41.6m	**23.6%**
Statutory profit before tax	**$36.2m**	$29.4m	**23.1%**
Underlying[1] diluted earnings per share[2]	**25.2c**	30.0c	**(16.0%)**
Final dividend (per share)	**2.4p**	2.2p	**9.1%**
Net debt (before lease liabilities)	**$74.4m**	$7.3m	
Net debt	**$95.3m**	$27.3m	

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

[2] FY2021 earnings per share includes the impact of deferred tax credits of $12.9 million (FY2022: $2.9 million). Excluding deferred tax asset recognition underlying diluted earnings per share increased by 6.3%

Financial and Operational Highlights

- Group revenue increased by 38.6% to $614.6 million (FY2021: $443.3 million) through strong organic growth and acquisitions
- Underlying operating margin remained solid at 9.1% (FY2021: 9.7%) despite inflationary headwinds, demonstrating our ability to pass through cost increases
- Targeted investment, focused on delivering efficiencies and vertical integration in growth sectors, is driving revenue momentum
- Strengthened engineering and sales teams that will continue to support further organic growth
- Four acquisitions completed, further enhancing our capabilities, expanding customer relationships and driving growth

Market highlights

- Electric Vehicles – sales almost doubled as we added new customers and new products, growing our total sector revenue to over $100 million
- Consumer Electricals – revenue grew significantly due to the full year effect of DE-KA in addition to organic growth of 14%
- Medical – there was a strong return of demand from Medical customers to above pre-Covid levels, with a 14% increase in revenue
- Complex Industrial Technology – revenue growth of 6% with good demand for complex assemblies and box builds, despite some delays in the take up of next generation data centre products, due to semiconductor shortages

New five-year plan

- With our financial performance significantly ahead of our existing strategic plan, we are launching a new five-year plan
- Our ambition is to deliver revenue of $1.2 billion by the end of FY2027
- We aim to achieve this with underlying operating profit margin in the range of 9-10%

Outlook

- The year has started strongly with high levels of customer demand and orders, particularly for more complex products with longer lead times
- Inflationary pressures and variable lead times are expected to continue but are manageable
- Our global footprint is a beneficiary of the recent trend towards "near-shoring" production
- We have an exciting pipeline of acquisition opportunities and financial flexibility

Dividend

Subject to approval by shareholders at the upcoming AGM on 19 August 2022, the proposed final dividend of 2.4p per ordinary share will be paid on 26 August 2022 to shareholders on the register on 22 July 2022. The ex-dividend date will be the 21 July 2022.

Nat Rothschild, Volex's Executive Chairman said:

"Our intention, when we set about the transformation of Volex, was to create a resilient and dynamic business capable of delivering strong margins and revenue growth. Our record performance and revenue progression, demonstrated against the backdrop of a challenging manufacturing environment, is testament to what we have achieved.

We continue to see significant opportunities across our market. The infrastructure and acquisition investments we have made in FY2022 are focused on our pursuit of further growth, capitalising on the leading position we have in attractive sectors. With an exciting acquisition pipeline and access to funding, we will continue this successful strategy.

With our financial performance significantly ahead of our existing strategic plan, we are today setting out a new, ambitious plan to increase our revenues to $1.2 billion by the end of FY2027, with underlying operating margins in the range of 9-10%. This underlines the confidence we have in the clear growth opportunities created by our combination of excellent customer relationships, exceptional assets and an agile operating model."

Presentation

A live presentation for analysts will be held online at 8.30 a.m. BST on 23 June 2022. 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 10.00 a.m. BST on 23 June 2022 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 Julian Wais, Head of Investor Relations	
Singer Capital Markets – Nominated Adviser & Joint Broker	+44 20 7496 3000
Shaun Dobson George Tzimas James Fischer	
HSBC Bank Plc – Joint Broker	+44 20 7991 8888
Simon Alexander Joe Weaving	
Powerscourt – Media Enquiries	+44 20 7250 1446
James White Nicholas Johnson Maxim Hibbs	

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.

Executive Chairman's Statement

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.

In a challenging year for all manufacturing businesses, our strong performance throughout the year and delivery of results that are ahead of consensus market expectations, demonstrates that our strategy is working. Revenue and underlying operating profit are significantly higher for FY2022 as a result of strong organic revenue growth and acquisitions.

Our business is robust and resilient, with a range of complementary capabilities, well suited to the dynamic needs of our global customer base. We operate within a fragmented market where our reputation for innovation and quality is a key differentiator. Customers recognise our ability to deliver increasingly complex manufacturing services successfully, and the significant value that we can add to their processes. In particular, our design skills significantly enhance the customer relationship, demonstrating innovative solutions to address the real-life challenges that our customers face.

Market demand remains strong, with continued momentum from our Electric Vehicles and Consumer Electricals customers, as well as a robust recovery within the Medical and Complex Industrial Technology sectors following the impact of Covid-19. We are well attuned to the trends in our markets and how our customers' requirements are evolving. These factors are critical inputs to our strategic plans, giving us confidence that we are pursuing the right path.

New five-year plan

Having delivered revenue and underlying profit growth significantly ahead of the ambitious five-year plan we set out in 2019, we have developed a new, stretching plan. Our ambition is to deliver revenue of $1.2 billion by the end of FY2027, including at least $200 million of revenue from new acquisitions. We aim to achieve this while maintaining our current underlying operating profit margin within a range of 9-10%.

Overall approach

We identify areas of manufacturing need where our capabilities, intellectual property and manufacturing methodology enable us to be cost competitive, while generating attractive commercial returns.

We understand how to operate in a competitive environment and have invested in vertical integration to generate suitable margins. We have significant expertise in high-mix production, allowing us to be competitive through a range of lower-volume order quantities. Our manufacturing facilities are led by experienced general managers, focused on optimising throughput and mix. Each of these facilities are underpinned with a regional leadership team, providing the managers with expert local support.

The majority of our larger customers are global companies who are looking for a reliable international manufacturing partner. This is becoming increasingly important as customers look to address supply chain complexity by identifying suppliers who can provide solutions closer to their end markets. With customer-facing teams around the world, we use our knowledge of our end markets to develop compelling customer solutions.

Our significant experience in our chosen markets enables us to develop our own designs, locking in intellectual property that we protect with patents, where appropriate.

We have accelerated organic investment in the business during the year and will build on this momentum moving forward. Our investment is directed at areas where we have the capability to grow significantly and where we can optimise our manufacturing process. The majority of projects we identify pay for themselves within two years, making this investment very attractive. This is complemented by our established continuous improvement activity, which generates efficiency benefits across our organisation.

Market trends

The world is currently a complicated place and to support customer delivery during a period of extended lead times, we have invested in additional inventories to ensure we have availability of components when required. This has increased levels of working capital but has, importantly, also protected revenue and deepened customer relationships.

Inflation across raw materials has been a feature of the manufacturing environment over the last year. However, the arrangements established with our customers allow us to pass through higher input costs, although there is often a time delay between the impact of higher input costs on us and re-pricing. We have followed an efficient and transparent process to support this activity, allowing us to minimise the impact on margins.

Investing in growth

Our track record of acquiring strong businesses at attractive valuations has continued this year with four further transactions completed, for a total consideration of $47.1 million. We acquired Irvine Electronics (“Irvine”) in California, USA, and Terminal & Cable (“TC”) in Canada, both specialist integrated manufacturing businesses, with a strong presence in the North American defence market. Irvine specialises in printed circuit board assemblies for deployment in specialist, mission-critical applications. TC is a specialist in complex cable assemblies for military vehicles.

The acquisition of Prodamex in Mexico, a manufacturer of wire harnesses for domestic appliances, advances our strategy to provide a unified solution for global white-goods manufacturers. We will combine its North American capability together with the significant strength and experience we already have in Europe and Asia, to drive economies of scale and maximise cross sales opportunities.

We also purchased a majority equity stake in inYantra in India, together with 13.5 acres of industrial land with potential for future site expansion, harnessing its expertise in printed circuit board assembly and box build integrated solutions. This transaction offers an excellent strategic opportunity to expand our global footprint, bringing new and strengthened capabilities in the key Indian market.

The success of our strategy and the organic growth we have delivered, combined with attractive acquisition opportunities to deliver further growth, has given us the confidence to deploy further investment. With a strong track record of delivering compelling returns, we have successfully completed a number of transformational projects this year. In particular, we have vertically integrated our Electric Vehicles power cable production and created an efficient production capability for the next generation of high-speed data centre cables.

People and organisation structure

Successfully combining the skills and expertise of our talented workforce has allowed us to deliver transformational change, continuous improvement and exceed customer expectations. Effective collaboration, encouraging change and an entrepreneurial spirit, creates an environment in which innovation can flourish. With talented local management in our manufacturing facilities, we are able to respond quickly to changing customer requirements and disruptions in the supply chain.

To enhance the delivery of growth and integration, we have formalised a regional leadership structure, enhancing our ability to lead change programmes and identify cross-selling opportunities.

On behalf of the Board, I thank all our employees for achieving so much in what has been a very challenging manufacturing environment.

Environmental, Social and Governance ("ESG")

Many of our products are aligned to key ESG objectives, including manufacturing for electric vehicle charging, medical purposes and for greater efficiency including robotics and automation.

However, focusing on our own performance, as well as what we sell to customers, is also important. This year we have implemented a sustainability reporting system to help define and measure progress towards ESG objectives. Going forward, this will be an increasing area of focus for our business as we look to embed a culture of improvement in these areas.

We have also developed a kaizen-based framework to drive sustainability-related improvement activities at all our factories. This programme, once implemented, will ensure that every factory identifies and then reports on key improvement initiatives within the sustainability framework.

Dividend

Reflecting our confidence and the Group's robust financial position, the Board is pleased to announce it is recommending a final dividend of 2.4 pence per share. Together with the interim payment of 1.2 pence, this gives a total dividend for the year of 3.6 pence, an increase of 9.1% on the prior year.

Outlook

We have seen a strong start to the new financial year, with high levels of customer demand. This includes strong orders for more complex products with longer lead times.

We have adapted to the significant supply chain and inflationary challenges which have developed during FY2022 and continue to monitor developments closely, taking a proactive approach to addressing issues as they emerge. We run our operations flexibly and will respond quickly to changing supply and demand environments.

Having built a dynamic, resilient business with diverse capabilities and excellent customer relationships in attractive markets, we are well positioned to deliver on the tremendous potential of Volex's business and capitalise on the growth opportunities in our markets.

With a clear strategy, strong demand and an ambitious and talented team, we are excited about the opportunity in FY2023 and beyond.

Review of FY2022 Performance

	2022			2021		
	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	**272.1**	-	**272.1**	203.1	-	203.1
Asia	**142.7**	-	**142.7**	133.7	-	133.7
Europe	**199.8**	-	**199.8**	106.5	-	106.5
	614.6	**-**	**614.6**	**443.3**	**-**	**443.3**
Cost of sales	**(488.8)**	**-**	**(488.8)**	(339.4)	-	(339.4)
Gross profit	**125.8**	**-**	**125.8**	103.9	-	103.9
Operating expenses	**(69.6)**	**(15.2)**	**(84.8)**	(61.0)	(12.2)	(73.2)
Operating profit/(loss)	**56.2**	**(15.2)**	**41.0**	42.9	(12.2)	30.7
Share of net profit from associates and joint ventures	**0.4**	**-**	**0.4**	0.8	-	0.8
Finance income	**0.3**	**-**	**0.3**	0.3	-	0.3
Finance costs	**(5.5)**	**-**	**(5.5)**	(2.4)	-	(2.4)
Profit/(loss) on ordinary activities before taxation	**51.4**	**(15.2)**	**36.2**	41.6	(12.2)	29.4
Taxation	**(9.1)**	**3.3**	**(5.8)**	7.2	2.3	9.5
Profit after tax	**42.3**	**(11.9)**	**30.4**	**48.8**	**(9.9)**	**38.9**

Volex delivered strong revenue growth and record underlying operating profits in FY2022, in a challenging year for manufacturing businesses worldwide, demonstrating we have established a diverse and resilient business able to perform well within a complex and changing environment. Whilst the impact of government restrictions and lockdowns related to Covid-19 reduced in the year, market dislocation has caused additional supply chain issues, including increasing prices and lengthening lead times across multiple components and products.

Demand from customers across the Group was strong throughout the year. We continued to experience rapid growth from Electric Vehicles customers as we consolidated our position as market leader for grid cords, whilst bringing new products to market and winning several new customers.

Our Consumer Electricals business was able to pass-on price inflation to customers as the mechanisms within the majority of our contracts stipulate the pass-through of increased copper prices.

Our Medical customers saw access to hospitals steadily improve, leading to increased demand for medical products, after a slight decline caused by Covid-19 access-related restrictions.

Demand reduced for our data centre products due to a very strong comparator period as customers increased their inventory levels to mitigate potential supply chain challenges. The unwind of inventory positions this year as conditions normalised impacted our revenue. For other Complex Industrial Technology customers, order books remained strong through the year.

Overall, we were proactive and maintained high factory utilisation, despite supply chain complexities.

We have increased investment in our business in FY2022, with a number of important capital expenditure projects. This was focused on our key high-growth areas, as well as vertical integration and the first phase of our new global ERP system. We have recruited specialist research and development roles in the year to drive product development programmes, which will deliver future growth.

As we have continued to grow, our working capital requirements have increased to support our expansion. Additional inventory investment has been required to meet customer requirements, in the face of extended lead times and supply chain shortages. Although this ties up cash, holding key components has allowed us to meet customer commitments, with particular relevance for our more complex products.

It has been a busy year in relation to acquisitions with four businesses joining the Group. Three of these businesses are based in North America - Irvine, Prodamex and TC - strengthening our manufacturing footprint for domestic appliances, integrated manufacturing services and defence in this critical region.

The acquisition of inYantra positions us in the high-growth Indian market, where it is involved in the manufacture of printed circuit board assemblies and box builds. Growth through acquisitions remains a high priority, and a key strategic pillar.

Our business is built on the talent and hard work of our employees. The Group now has a global workforce of over 7,800 employees. During the year we have implemented a regional structure, with senior operational management aligned to each region to optimise our future performance. We continue to invest in developing talent within the organisation and supporting the growth and development of our colleagues at all levels.

Trading performance overview

The Group generated revenue of $614.6 million (FY2021: $443.3 million). This included organic revenue growth of 19% and the contribution from our FY2022 acquisitions and the remainder of the first 12 months of our FY2021 acquisitions. Organic revenue growth included 96% growth in our Electric Vehicles sector, as well as 14% organic growth from our Consumer Electricals and 13% from our Medical sectors.

Our Complex Industrial Technology sector also increased revenue, although organic sales were down 2% on the prior year primarily due to the transition to the new 400Gb cables in our data centre market. This market is expected to show growth later in FY2023.

Underlying operating profit increased by 31% to $56.2 million (FY2021: $42.9 million), driven by organic revenue growth and acquisitions. Statutory operating profit was $41.0 million (FY2021: $30.7 million), including adjusting items and share-based payments of $15.2 million (FY2021: $12.2 million).

The underlying operating margin was 9.1%, slightly down from 9.7% in the prior year, and broadly flat on H1 FY2022. The margin reflects the benefits of higher volumes in the year - albeit with an adverse impact from a higher sales mix of power products - strong cost controls and vertical integration benefits. It was achieved despite the macro-headwinds, most notably freight and commodity price inflation. The prior year also included a favourable impact from the temporary lowering of employment taxes in some Asian countries, relating to the Covid-19 outbreak.

After acquisitions, and partially offset by cash generated, net debt was $74.4 million at 3 April 2022 (4 April 2021: $7.3 million), excluding $20.9 million (4 April 2021: $20.0 million) of lease liabilities. The covenant net debt/adjusted EBITDA ratio was 1.3 times (FY2021: 0.3 times).

Impact of the macroeconomic backdrop

Volex is well positioned to navigate the challenges of a dynamic macro-environment. This is underpinned by our diverse markets, capabilities and global manufacturing footprint. These strengths have been central to the continued strong progress made, despite the on-going disruption to global supply chains, the challenges posed by Covid-19 and, more recently, the Russian invasion of Ukraine.

Copper, freight and other material prices are going through a period of high inflation. Our contracts with power cord customers, where copper is a significant percentage of our costs, allow us to pass increases through to the customer, although there can be a short delay in the implementation of pricing changes.

Other price inflation is passed onto customers through regular price discussions, which either happen on a regular basis such as quarterly, or on an ad hoc basis where required by changes in the costs.

Working capital has increased due to our sales growth, as well as investment in higher levels of inventory to maintain our position as a reliable partner to customers in an environment with extended supplier lead times. Our freight costs have also increased due to demand for global shipping capacity exceeding supply.

Government restrictions relating to the Covid-19 pandemic have eased in FY2022, although there have been instances of local and national lockdowns which have had some limited and temporary impacts on trade. We did not experience any significant downtime at our sites in FY2022 and we continue to adhere to stringent health and safety measures across the business.

Our direct operational exposure to Russia and Ukraine is low. We have no facilities or employees in either country. In the financial year ended 3 April 2022, sales to Russia represented less than 0.5% of Group revenue, with revenue into Ukraine being negligible. We have no significant dependency on direct supplies of components or materials from either Russia or Ukraine.

Revenue by customer sector

Electric Vehicles

The rapid expansion of the electric vehicle industry is expected to continue as the technology enters the mainstream, in part driven by legislation. Volex has achieved continued strong growth due to our market leading position and strong reputation as a grid cord manufacturer. Building on our significant experience with technology related to electric vehicle charging, we are expanding our product set to support faster AC charging and out-of-home charging solutions. This will help us to further broaden our customer base. We are continuing to invest in new products and in our manufacturing processes to retain our place as one of the lowest cost producers. This will be important as competition increases.

Organic revenue from our Electric Vehicles customers increased year-on-year by 96% to $104.2 million (FY2021: $53.1 million), with demand remaining strong. This growth is being driven by Volex's continuing position as a low-cost manufacturer following our vertical integration activity. We have also successfully onboarded three new customers as we diversify our customer base.

Consumer Electricals

Consumer Electricals revenue increased in FY2022 by 60% to $262.4 million (FY2021: $164.0 million) with demand for consumer electrical products remaining robust through the year. Our revenue benefited from a full-year of revenues from our Turkish DE-KA business, which was acquired in FY2021, and three-months of trading from Prodamex. On an organic basis, revenue for this sector increased by 14%, with approximately 4% of this relating to the pass-through of copper and other price increases.

Higher freight costs and longer shipping times favour our global manufacturing footprint, which give us the flexibility to manufacture for customers from locations close to where they are. We are also delivering cross-selling success, following the acquisition of DE-KA, which has traded strongly. We will continue to pursue cross-sales opportunities, using our global domestic appliance presence, following the acquisition of Prodamex.

Medical

The sector has recovered well from the Covid-19-related softening in demand we saw in the prior year, as access to hospitals has now improved, allowing installation of larger medical equipment. Consequently, Medical revenues were up 13% on an organic basis at $128.3 million (FY2021: $112.7 million), and these are now back above pre-pandemic levels.

There remains a global backlog in healthcare procedures following the pressures on the healthcare system created by Covid-19, which should mean that medium-term demand is sustainable. The medical products we manufacture are complex, with specified bills-of-materials. Extended lead times can delay individual projects but the high mix of products we manufacture allows us to maintain efficient production through dynamic planning.

Complex Industrial Technology

Revenue from Complex Industrial Technology increased 6% to $119.8 million (FY2021: $113.5 million), 2% lower on an organic basis. This includes five-months of revenue from Irvine and three-months from TC following acquisition. Excluding Data Centre customers, revenues were 12% higher than last year on an organic basis. Order books are strong with key customers placing demand well in advance of production, due to longer lead times for certain components. The longer lead times and component availability have served to constrain growth in the year.

Data Centre customers are reported within Complex Industrial Technology and made up 26.2% (FY2021: 36.9%) of revenue in this sector. This sub-sector declined year-on-year due to a number of contributory factors. There was some stocking up in data centres in the prior year, with destocking this year in preparation for the transition to the new 400Gb cables. There were also shortages of the new network equipment needed to support the adoption of 400Gb architecture in data centres. However, we have qualified 400Gb products with our key customers and expect strong sales when demand increases later in FY2023.

Revenue by reportable segment

Volex has developed over the years to be a geographically interconnected business. Customers want to have manufacturing in multiple locations, reducing the risk of supply chain disruption from any particular country. We operate with a regional focus to meet this need and we analyse our customer revenue geographically to reflect this. We allocate geographic revenue based on where the customer relationship is, reflecting our customer-centric nature.

North America

North America is our largest customer segment, and we work with some of its largest technology companies and global innovators. North America comprises 44.3% of Group revenue (FY2021: 45.8%). Revenue grew by 34.0% to $272.1 million (FY2021: $203.1 million). This reflects some of the strong organic growth we experienced with our Electric Vehicles customers, as well as the acquisitions of Irvine, Prodamex and TC.

Asia

Asia makes up 23.2% of Group revenue (FY2021: 30.2%). Asia revenue increased by 6.7% to $142.7 million (FY2021: $133.7 million) with the majority of revenue in the Consumer Electricals sector. Demand was strong throughout the year due to our competitive pricing and ability to respond quickly to customer requirements.

Europe

Europe makes up 32.5% of Group revenue (FY2021: 24.0%). Revenue in Europe increased by 87.6% to $199.8 million (FY2021: $106.5 million) driven by an increased demand for Electric Vehicles and an increase in European domestic appliances sales led by the acquisition of DE-KA at the end of FY2021.

Realising our strategy

Our strategy is built around five key pillars; product development, revenue growth, operational excellence, investment and acquisition and people.

We aim to develop the right products and capabilities to be the manufacturing partner of choice for our customers. We have invested in product development through research and development, working with our customers to understand their product requirements.

We put the customer at the heart of what we do, through regular and transparent communication. We deliver customer value, alongside exceptional quality and customer service. To meet these high standards, we closely monitor our manufacturing facilities and processes, identifying ways to improve which will increase efficiency and quality. We have invested in vertical integration, giving us greater control over the supply chain and protecting margins.

Delivering excellent customer service and improving processes requires great people. We have strengthened the organisation by bringing in outside expertise, in addition to creating development opportunities for existing employees. Effective communication is important and we use a variety of channels to drive employee engagement. We have continued with our site excellence awards as a way of recognising exceptional performance and teamwork.

We are constantly assessing businesses that are going through a sales process, or building relationships with potential acquisition targets that show strategic alignment, but are not ready for sale.

Creating value through organic investment

We have increased organic investment in the business, building on our track record of creating value, as we focus on growth areas, while employing stringent financial criteria, with payback on the investment typically achieved within two years. Our investment in the business not only maintains and enhances our assets, but also meets identified increased customer demand and develops new products. This investment is enabling our future growth.

Total capital investment increased to $15.0 million (FY2021: $7.8 million), amounting to 2.4% of revenue (FY2021: 1.8% of revenue). Capital investment in the year was slightly lower than planned, as extended lead times meant that some investment was deferred into FY2023. In the year, investment was focused on high-growth areas, including EV and data centre capabilities, as well as vertical integration into our cable production, consistent with our strategy, and the first phase of the new global ERP system. Importantly, we now have the capability to produce our own cable in two more of our facilities in Asia. We expect our investment to increase in FY2023, as we pursue growth opportunities in our markets.

We have also continued to invest in expanding our research and development activities. This includes the recruitment of additional specialists to drive our product development programmes. We expect to enhance our research and development teams through FY2023.

Creating value through acquisitions

The successful acquisition and integration of quality businesses continues to be a major part of our strategy. Our typical acquisition target is a strong, well-managed business in a sector where we have a deep understanding. We are attracted to businesses with blue-chip, long-term customers and good capabilities, enabling us to benefit from cross-selling opportunities. Targets requiring significant integration or restructuring effort are only contemplated when we can identify the right management resources to lead this activity.

We identify potential acquisitions through a variety of methods, seeking out businesses that are not on the market, as well as those already in a process. All 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 proceed to due diligence only when we have an alignment on commercial terms and we only pursue opportunities that meet the strict value criteria that we tailor for each transaction, based on its specific characteristics.

Having acquired 10 businesses in four years, we have become skilled at integrating new operations into our organisation. We tailor the integration programme to the requirements of the individual transaction, focusing on cost synergies and opportunities to cross sell.

Acquisitions remain a high priority and we are actively pursuing a number of opportunities, at different stages of qualification. We have good access to funding, with significant undrawn facilities. The completion of any acquisition is dependent on the business meeting our stringent requirements following appropriate due diligence and negotiations.

During FY2022 we successfully completed the acquisitions of four businesses for a combined cash consideration of $47.1 million, paying an average Enterprise Value/EBITDA multiple of 5.5 times, which demonstrates our ability to acquire quality businesses at reasonable valuations. These acquisitions contributed revenues of $12.5 million to the Group in FY2022.

- Irvine Electronics, LLC is based in California, USA and was acquired in October 2021 for total cash consideration of $15.1 million.

  Irvine is a manufacturer of electronic solutions, including printed circuit board assemblies, with over 30 years' experience and deep relationships across a wide variety of blue-chip customers, particularly in the defence, military aerospace and medical markets. The acquisition will strengthen our profile in North America, adding further capabilities and capacity to the Group's existing operations in Washington State and Mexico, creating a compelling value proposition for customers in the region. Expanding on our integrated manufacturing services strategy, the acquisition will further strengthen Volex's ability to provide customers with vertically integrated solutions through enhanced printed circuit board assembly capabilities.

- Prodamex SA de CV and Terminal & Cable TC Inc. were acquired in January 2022 for a total cash consideration of $18.9 million.

  Prodamex provides an advanced manufacturing facility in Central Mexico serving North American customers with higher volume requirements. It complements our plants in Tijuana and Juarez, Mexico, creating additional local flexibility for customers. The business has long-standing expertise in wire harnesses for domestic appliances. It provides cross-selling opportunities with our DE-KA business in Turkey and the recently expanded facility in Batam, Indonesia. It gives us a global low-cost presence in the white goods and commercial markets.

  TC is one of the largest wire harness manufacturers in Canada with over 50 years' experience, establishing a strong Canadian market presence for Volex as a leading defence supplier. It complements our Irvine acquisition and broadens our defence market capabilities into ground vehicles on long-term customer programmes. TC has ruggedised wire harness capabilities, allowing expansion into the attractive "off-highway" market sector supporting industrial, agricultural and construction machinery manufacturers.

- An investment of $13.1 million, in March 2022, for 51% of the equity and 100% of the land and buildings of inYantra Technologies Pvt Ltd. In the first quarter of FY2023, $5.0 million of this transaction price was paid.

  inYantra is an electronic manufacturing services provider based in Pune, India delivering PCB assemblies and box build to automotive, consumer electrical and industrial automation customers. This acquisition allows Volex to enter an important new geography, which benefits from strong macroeconomic trends, with the Indian Government seeing high-technology electronics manufacturing businesses as a key growth sector. The acquisition of the land enables us to scale this operation over time.

Chief Financial Officer's Review

	52 weeks to 3 April 2022		52 weeks to 4 April 2021	
	Revenue $'000	**Profit/(loss) $'000**	Revenue $'000	Profit/(loss) $'000
North America	**272.1**	**21.4**	203.1	19.8
Asia	**142.7**	**11.6**	133.7	14.1
Europe	**199.8**	**32.1**	106.5	15.4
Unallocated Central costs	–	**(8.9)**	–	(6.4)
Divisional results before share-based payments and adjusting items	**614.6**	**56.2**	443.3	42.9
Adjusting operating items		**(10.8)**		(5.6)
Share-based payment charge		**(4.4)**		(6.6)
Operating profit		**41.0**		30.7
Share of net profit from associates and joint ventures		**0.4**		0.8
Finance income		**0.3**		0.3
Finance costs		**(5.5)**		(2.4)
Profit before taxation		**36.2**		29.4
Taxation		**(5.8)**		9.5
Profit after taxation		**30.4**		38.9

Basic Earnings per share:		
Statutory	19.3 cents	25.5 cents
Underlying*	26.9 cents	32.1 cents

* Before adjusting items and share-based payments charge.

Statutory results

Revenue grew 38.6% to $614.6 million (FY2021: $443.3 million). Statutory operating profit increased by $10.3 million to $41.0 million (FY2021: $30.7 million) which is an increase of 33.6% compared to the prior year. Net finance costs were $5.2 million (FY2021: $2.1 million), resulting in a profit before tax of $36.2 million (FY2021: $29.4 million) which increased 23.1%. There was a tax charge for the year of $5.8 million, compared to a tax credit in FY2021 of $9.5 million due to the recognition of deferred tax assets. Basic earnings per share were 19.3 cents (FY2021: 25.5 cents), a decrease of 24.3%. Before tax, basic earnings per share increased, but due to the recognition of a significant deferred tax asset in FY2021 basic earnings per share after tax decreased in FY2022.

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. 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

Group revenue increased by 38.6% to $614.6 million (FY2021: $443.3 million) driven by strong organic growth from customer demand and the contribution from acquisitions. Group organic revenue growth was 19%, of which approximately 4% was driven by inflation-related price increases, with the remaining 15% from volumetric growth.

Organic revenue from the fast-growing Electric Vehicles sector was particularly strong, increasing 96% to $104.2 million (FY2021: $53.1 million), as we expanded our product set. There was robust demand in the Consumer Electricals sector with organic growth of 14%. Overall our Consumer Electricals revenue increased 60% to $262.4 million (FY2021: $164.0 million), as it benefited from a full year contribution from DE-KA and the FY2022 acquisition of Prodamex. Our Medical revenue was also strong, following delays in the installation of large medical equipment in the prior year due to Covid-19-related access issues. Medical revenues increased 13% on an organic basis to $128.3 million (FY2021: $112.7 million), and are now above pre-Covid-19 levels. Revenue from Complex Industrial Technology increased 6% to $119.8 million (FY2021: $113.5 million), 2% lower on an organic basis. Excluding data centre customers revenues were 12% higher on an organic basis. Data Centre revenue, is an important sub-sector of this market and declined due to customer destocking in preparation for the transition to the new 400Gb cables, as well as a slower increase in demand due to shortages of the new network equipment needed to support the adoption of 400Gb architecture in data centres.

Gross margin

The Group's gross margin was 20.5% (FY2021: 23.4%). This was due in part to product mix with a higher volume of lower margin Electric Vehicles and Consumer Electricals products as well as an adverse impact from global commodity price inflation. Our contracts with power cord customers, where copper is a significant cost component, have allowed us to pass increases in the cost of copper to customers, maintaining absolute gross profit levels, although there is a short delay to allow implementation of price changes. In passing through higher raw material costs, absolute profit is preserved, but cost of sales as a percentage of revenue increases, which reduces the gross margin percentage.

Operating profit

Underlying operating profit increased 31.0% to $56.2 million (FY2021: $42.9 million). This was favourably impacted by the strong organic growth and the contribution from acquisitions. In addition, the ratio of underlying operating expenses to revenue improved to 11.3%, from 13.8% in the prior year, demonstrating tight cost control and continuous improvement activities. This was despite our increased, targeted investment in the business. Statutory operating profit also increased by 33.6% to $41.0 million (FY2021: $30.7 million), also reflecting the factors above.

The Group's underlying operating margin of 9.1% reduced slightly from 9.7% in FY2021. The margin benefited from higher volumes in the year, continued strong control over our cost base and vertical integration activities in our Chinese and Batam, Indonesia sites. There were a number of headwinds which brought down margins in the year, with the adverse product mix and commodity price inflation set out in the 'gross margin' section above. In addition, the prior year benefited from the temporary lowering of employment taxes in some Asian countries, related to the Covid-19 outbreak.

Adjusting items and share-based payments

The Group presents some significant items separately to provide clarity on the underlying performance of the business. This includes significant one-off costs such as restructuring and acquisition-related costs, the non-cash amortisation of intangible assets acquired as part of business combinations, and share-based payments, as well as associated tax.

Acquisition costs of $2.5 million (FY2021: $0.4 million) were incurred in the year. As well as undertaking third-party due diligence, the Group uses its own experts and in-depth understanding of the sector to conduct a robust assessment of all acquisition targets.

Partially offsetting these items was a gain of $2.6 million (FY2021: $nil) recognised on the forgiveness of the US Paycheck Protection Program loans provided to parts of the Group's North America operations.

Amortisation of acquired intangibles increased to $10.3 million (FY2021: $5.2 million) largely as a result of the full year impact of amortisation of DE-KA intangibles. 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 three years, so amortisation is higher in the first few years 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.

The charge recognised through the income statement for share-based payment awards comprises $3.8 million (FY2021: $2.4 million) in respect of senior management, $0.6 million (FY2021: $2.6 million) in respect of acquisitions and $nil (FY2021: $1.6 million) for associated payroll taxes.

Share-based payments include awards made to incentivise senior management as well as awards granted to the senior management of acquired companies. The awards made to acquired company management form an important part of the negotiation of consideration in an acquisition situation. They are used to reduce the cash consideration, and as an incentivisation and retention tool. In accordance with IFRS, where these awards include ongoing performance features, they are recognised in the income statement rather than as part of the cost of acquisition.

Net finance costs

Net finance costs increased to $5.2 million (FY2021: $2.1 million) mainly due to the increased utilisation of the revolving credit facility following the acquisition of DE-KA in the prior year and the subsequent acquisitions of Irvine, TC, Prodamex and inYantra during FY2022. The financing element for leases for the year was $1.0 million (FY2021: $0.7 million). The Group recognises interest income of $0.2 million (FY2021: $0.2 million) in relation to accrued interest receivable on the 10% preference shares issued by our associate, Kepler SignalTek.

Taxation

The Group's income tax expense for the period was $5.8m (FY2021: credit of $9.5m), representing an effective tax rate ("ETR") of 16.0% (FY2021: -32.4%). The tax expense and the effective tax rate is affected by the recognition of deferred tax assets, as required by International Financial Reporting Standards. The assets recognised this year and in the prior year are principally due to the recognition of historical operating losses, unclaimed capital allowances and other temporary timing differences. The decision to recognise these assets is based on an assessment, in the relevant jurisdiction, of the probability of future taxable profits which will be reduced by the historical losses and allowances. As the profitability of the Group's operations has increased in recent years, this threshold has been met in certain countries.

In FY2021, management made an assessment of the probability of future operating profits in a key location, recognising a corresponding deferred tax asset resulting in a credit to underlying profit after tax of $12.9 million. For FY2022, having performed the same assessment, the credit to underlying profit after tax was $2.9 million. Tax credits and charges relating to the underlying operations of the Group, including losses that have arisen through underlying activities, are reported in underlying profit after tax. The recognised deferred tax assets are expected to be recovered from profits arising from our underlying operations. Tax charges and credits arising from transactions reported as adjusting items and share-based payments are reported outside of underlying profit after tax. The deferred tax assets are recovered in future periods by reducing cash tax payable and recognising a deferred tax expense in the income statement.

The Group has $64.1 million (FY2021: $80.1 million) of tax losses for which no deferred tax asset is currently recognised due to uncertainty over forecast future profitability in the respective jurisdictions where the tax losses arose. Depending on the Group's future growth and performance in those jurisdictions it is possible that some of the unrecognised tax losses may become recoverable, leading to additional deferred tax assets being recognised in future periods and reducing the ETR.

The underlying ETR (representing the income tax expense on profit before tax, adjusting items and share-based payments) was 17.7% (FY2021: -17.5%). This difference is, as set out above, mainly due to lower deferred tax asset recognition. The ETR was also affected by changes in foreign exchange rates where local entities calculate tax in local currency rather than the functional currency for Group reporting. The impact of foreign exchange volatility on the underlying ETR was 4.7% adverse (FY2021: 1.9% favourable), mainly arising in Turkey. There was also a $1.7 million underlying tax credit from changes to tax rates, particularly due to the effect on deferred tax assets of the increase in the UK tax rate to 25% from 1 April 2023, which had a 3.3% favourable impact on the underlying ETR (FY2021: 0.2% adverse).

Cash tax paid during the period was $6.5 million (FY2021: $3.1 million), representing an underlying cash ETR of 12.6% (FY2021: 7.5%). The increase to the underlying cash ETR is due to the above-mentioned foreign exchange volatility whereby a depreciating local currency increases tax payable, and the effect of acquisitions in higher-tax jurisdictions where the Group does not have historical tax losses.

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 April 2022, the Group has net current tax liabilities of $8.2 million (FY2021: $6.7 million) which include $7.2 million (FY2021: $7.9 million) of provisions for tax uncertainties.

Earnings per share

Underlying diluted earnings per share decreased 16.0% to 25.2 cents (FY2021: 30.0 cents) reflecting the deferred tax asset recognised lower than the prior year partially offset by increased underlying operating profits. Excluding deferred tax asset recognition underlying diluted earnings per share increased by 6.3%. Basic earnings per share decreased to 19.3 cents (FY2021: 25.5 cents).

The weighted average number of shares in the year was 157.2 million (FY2021: 152.2 million).

Foreign exchange

The majority of the Group's revenue is in US dollars, with limited sales in other currencies including euros and British pounds sterling. Most raw materials purchases are also denominated in US dollars but other costs such as rent, utilities and salaries are paid in local currencies. This creates a small operating profit exposure to movements in foreign exchange, some of which is hedged. Foreign exchange losses recognised in the income statement for the period were $0.6 million (FY2021: $1.3 million).

Cash flow

Operating cash flow before movements in working capital was $60.9 million (FY2021: $50.0 million). While benefiting from the strong operating performance, operating cash flow reflects the increased investment in the business. In addition, there was an adverse working capital movement of $34.4 million, which compares to a $7.6 million outflow in FY2021. The reasons for this working capital movement are set out below:

- An increase in inventory leading to a cash outflow of $28.1 million (FY2021: $12.2 million). Extended supply chain lead times have resulted in approximately two additional weeks of inventory being held as shipments of finished goods to customers take longer, and therefore goods-in-transit increase. Extended supplier lead times have also increased inventory levels. This was in addition to the increase in inventories required due to growth in our operations and new customer projects;

- An increase in receivables leading to a cash outflow of $14.2 million (FY2021: $17.0 million) with the increase reflecting growth of the business; and

- An inflow related to payables of $7.9 million (FY2021: $21.6 million). This was also due to the growth of the business.

Capital expenditure increased to $15.0 million from $7.8 million in FY2021. During the year, the Group has continued to invest in automation to deliver further production efficiencies in our higher volume factories. We have also increased our investment in vertical integration and in our higher-growth sectors.

Free cash flow was $4.1 million (FY2021: $31.3 million). Free cash flow represents net cash flows before financing activities excluding the net outflow from the acquisition of subsidiaries.

Net financing inflows were $40.4 million (FY2021: inflows $14.5 million). This included dividend payments of $7.2 million (FY2021: $6.0 million) and the drawing of the revolving credit facility ("RCF") to fund acquisitions. As part of the extension and enhancement of the Group's RCF, legal costs and arrangement fees of $2.5 million (FY2021: $1.1 million) were incurred during the year, and these will be amortised over the life of the facility.

Total cash expenditure on acquisitions (net of cash acquired) was $54.9 million (FY2021: $42.2 million), including $19.2 million (FY2021: $1.3 million) in respect of contingent consideration.

The Group is expecting to make payments of $17.8 million in FY2023 in relation to contingent consideration for acquisitions made in FY2022 and previous years. This includes $5.0 million of inYantra consideration relating to land, which was paid in the first quarter of FY2023.

The cash outflow associated with the settlement of awards under share-based payment arrangements was $5.1 million (FY2021: $9.1 million).

Net debt and gearing

At 3 April 2022, the Group's net debt was $74.4 million before lease liabilities and $95.3 million including lease liabilities. At 4 April 2021, net debt before lease liabilities was $7.3 million and $27.3 million including lease liabilities.

At 3 April 2022 the Group's covenant basis net debt/underlying EBITDA ratio was 1.3 times (4 April 2021: 0.3 times).

Dividend

The Board's dividend policy, while taking into account earnings cover, also takes into account other factors such as the expected underlying growth of the business, its capital and other investment requirements. The strength of the Group's balance sheet and its ability to generate cash are also considered.

A final dividend of 2.4 pence per share (FY2021: 2.2 pence) will be recommended to shareholders at the Annual General Meeting, reflecting the Board's confidence and the Group's robust financial position. The cash cost of this dividend is expected to be approximately $5.0 million.

Together with an interim dividend of 1.2 pence per share paid in December 2021, this equates to a full year dividend of 3.6 pence per share (FY2021: 3.3 pence per share), an increase of 9.1%. If approved, the final dividend will be paid on 26 August 2022 to all shareholders on the register at 22 July 2022. The ex-dividend date will be 21 July 2022.

Banking facilities

In February 2022 the Group completed a refinancing of its banking facilities, with a syndicate of five banks. An enlarged $300 million facility replaced the Group's existing $100 million multi-currency revolving credit facility. The new facility has an initial three-year term, with two one-year extension options. It comprises a $125 million revolving credit facility, a $75 million term loan and an additional $100 million uncommitted accordion.

The new facility has an improved net debt to underlying EBITDA covenant facility, providing additional headroom in comparison to the previous facility, affording greater flexibility to undertake organic and inorganic investment to support growth.

Defined benefit pension schemes

The Group's net pension deficit under IAS 19 as at 3 April 2022 was $3.1 million (FY2021: $5.2 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 with a small part of the decrease due to the movement in exchange rates.

Consolidated Income Statement

For the 52 weeks ended 3 April 2022 (52 weeks ended 4 April 2021)

		2022			2021		
		Before adjusting items and share-based payments	**Adjusting items and share-based payments (Note 3)**	**Total**	Before adjusting items and share-based payments	Adjusting items and share-based payments (Note 3)	Total
	Notes	**$'m**	**$'m**	**$'m**	$'m	$'m	$'m
Revenue	2	**614.6**	**–**	**614.6**	443.3	–	443.3
Cost of sales		**(488.8)**	**–**	**(488.8)**	(339.4)	–	(339.4)
Gross profit		**125.8**	**–**	**125.8**	103.9	–	103.9
Operating expenses		**(69.6)**	**(15.2)**	**(84.8)**	(61.0)	(12.2)	(73.2)
Operating profit	2	**56.2**	**(15.2)**	**41.0**	42.9	(12.2)	30.7
Share of net profit from associates		**0.4**	**–**	**0.4**	0.8	–	0.8
Finance income		**0.3**	**–**	**0.3**	0.3	–	0.3
Finance costs		**(5.5)**	**–**	**(5.5)**	(2.4)	–	(2.4)
Profit on ordinary activities before taxation		**51.4**	**(15.2)**	**36.2**	41.6	(12.2)	29.4
Taxation	4	**(9.1)**	**3.3**	**(5.8)**	7.2	2.3	9.5
Profit for the period attributable to the owners of the parent		**42.3**	**(11.9)**	**30.4**	48.8	(9.9)	38.9
Earnings per share (cents)							
Basic	5	**26.9**		**19.3**	32.1		25.5
Diluted	5	**25.2**		**18.1**	30.0		23.9

Consolidated Statement of Comprehensive Income

For the 52 weeks ended 3 April 2022 (52 weeks ended 4 April 2021)

	2022	2021
	$'m	$'m
Profit for the period	**30.4**	38.9
Items that will not be reclassified subsequently to profit or loss		
Actuarial gain/(loss) on defined benefit pension schemes	**0.7**	(1.1)
Tax relating to items that will not be reclassified	**(0.1)**	0.5
	0.6	(0.6)
Items that may be reclassified subsequently to profit or loss		
Gain arising on cash flow hedges during the period	**0.1**	1.9
Exchange (loss)/gain on translation of foreign operations	**(5.9)**	3.2
Tax relating to items that may be reclassified	**0.1**	0.3
	(5.7)	5.4
Other comprehensive (expense)/income for the period	**(5.1)**	4.8
Total comprehensive income for the period attributable to the owners of the parent	**25.3**	43.7

Consolidated Statement of Financial Position

As at 3 April 2022 (4 April 2021)	Notes	**2022** **$'m**	2021 RESTATED $'m
Non-current assets			
Goodwill		**82.9**	68.0
Other intangible assets		**47.0**	39.6
Property, plant and equipment		**43.4**	32.4
Right-of-use asset		**19.4**	18.0
Interests in associates and joint ventures		**1.5**	0.9
Other receivables		**2.1**	4.4
Deferred tax asset		**20.6**	22.0
		216.9	185.3
Current assets			
Inventories		**119.3**	76.9
Trade receivables		**119.0**	100.3
Other receivables		**16.7**	10.3
Current tax assets		**1.9**	2.8
Derivative financial instruments		**0.4**	0.4
Cash and bank balances	8	**29.1**	36.5
		286.4	227.2
Total assets		**503.3**	412.5
Current liabilities			
Borrowings	8	**5.0**	9.6
Lease liabilities	8	**4.3**	4.6
Trade payables		**84.7**	72.1
Other payables		**61.9**	58.9
Current tax liabilities		**10.1**	9.5
Retirement benefit obligation		**1.1**	1.1
Provisions	9	**2.3**	1.8
Derivative financial instruments		**0.1**	–
		169.5	157.6
Net current assets		**116.9**	69.6
Non-current liabilities			
Borrowings	8	**98.5**	34.2
Lease liabilities	8	**16.6**	15.4
Other payables		**1.0**	9.1
Deferred tax liabilities		**7.0**	7.8
Retirement benefit obligation		**2.0**	4.1
Provisions	9	**0.2**	0.3
		125.3	70.9
Total liabilities		**294.8**	228.5
Net assets		**208.5**	184.0
Equity			
Share capital	11	**62.5**	62.0
Share premium account	11	**60.9**	60.9
Non-distributable reserves	12	**2.5**	2.5
Hedging and translation reserve		**(9.8)**	(4.1)
Own shares	12	**(0.2)**	(3.3)
Retained earnings		**85.2**	66.0
Total attributable to owners of the parent		**201.1**	184.0
Non-controlling interests		**7.4**	–
Total equity		**208.5**	184.0

RESTATED: In accordance with IFRS 3 the Group has amended provisional fair value associated with an acquisition completed in the prior period. This has led to an increase in Goodwill and contingent consideration which is included in other payables. See note 13 for further information.

Consolidated Statement of Changes in Equity

For the 52 weeks ended 3 April 2022 (52 weeks ended 4 April 2021)

	Share capital	Share premium account	Non-distributable reserves	Hedging and translation reserve	Own shares	Retained earnings	Equity attributable to owners	Non-controlling interests	Total equity
	$'m	$'m	$'m	$'m	$'m	$'m	$'m	$'m	$'m
Balance at 5 April 2020	**60.3**	**46.5**	**2.5**	**(9.5)**	**(1.0)**	**32.0**	**130.8**	–	**130.8**
Profit for the period attributable to the owners of the parent	–	–	–	–	–	38.9	38.9	–	38.9
Other comprehensive income/(expense) for the period	–	–	–	5.4	–	(0.6)	4.8	–	4.8
Total comprehensive income for the period	–	–	–	5.4	–	38.3	43.7	–	43.7
Share issue	1.6	14.4	–	–	–	–	16.0	–	16.0
Exercise of deferred bonus shares	0.1	–	–	–	–	(0.1)	–	–	–
Own shares sold/(utilised) in the period	–	–	–	–	1.7	(3.1)	(1.4)	–	(1.4)
Own shares purchased in the period	–	–	–	–	(4.0)	–	(4.0)	–	(4.0)
Dividend	–	–	–	–	–	(6.0)	(6.0)	–	(6.0)
Credit to equity for equity-settled share-based payments	–	–	–	–	–	0.1	0.1	–	0.1
Tax effect of share options	–	–	–	–	–	4.8	4.8	–	4.8
Balance at 4 April 2021	**62.0**	**60.9**	**2.5**	**(4.1)**	**(3.3)**	**66.0**	**184.0**	–	**184.0**
Profit for the period attributable to the owners of the parent	–	–	–	–	–	30.4	30.4	–	30.4
Other comprehensive (expense)/income for the period	–	–	–	(5.7)	–	0.6	(5.1)	–	(5.1)
Total comprehensive income for the period	–	–	–	(5.7)	–	31.0	25.3	–	25.3
Share issue	0.5	–	–	–	–	(0.5)	–	–	–
Business combination (see note 13)	–	–	–	–	–	–	–	7.4	7.4
Own shares sold/(utilised) in the period	–	–	–	–	7.5	(7.5)	–	–	–
Own shares purchased in the period	–	–	–	–	(4.4)	–	(4.4)	–	(4.4)
Dividend	–	–	–	–	–	(7.2)	(7.2)	–	(7.2)
Credit to equity for equity-settled share-based payments	–	–	–	–	–	4.2	4.2	–	4.2
Tax effect of share options	–	–	–	–	–	(0.8)	(0.8)	–	(0.8)
Balance at 3 April 2022	**62.5**	**60.9**	**2.5**	**(9.8)**	**(0.2)**	**85.2**	**201.1**	**7.4**	**208.5**

Consolidated Statement of Cash Flows

For the 52 weeks ended 3 April 2022 (52 weeks ended 4 April 2021)

	Notes	**2022 $'m**	2021 $'m
Net cash generated from operating activities	7	**18.5**	38.7
Cash flow used in investing activities			
Interest received		**0.1**	–
Acquisition of businesses, net of cash acquired	13	**(35.7)**	(40.9)
Contingent consideration for businesses acquired	13	**(19.2)**	(1.3)
Proceeds on disposal of intangible assets, property, plant and equipment		**0.5**	0.4
Purchases of property, plant and equipment		**(10.8)**	(7.7)
Purchases of intangible assets		**(4.2)**	(0.1)
Proceeds from the repayment of preference shares		**–**	–
Net cash used in investing activities		**(69.3)**	(49.6)
Cash flows before financing activities		**(50.8)**	(10.9)
Cash used before adjusting items		**(48.8)**	(10.5)
Cash utilised in respect of adjusting items		**(2.0)**	(0.4)
Cash flow generated from financing activities			
Dividend paid		**(7.2)**	(6.0)
Net purchase of shares for share schemes		**(5.1)**	(9.1)
Refinancing costs paid	8	**(2.5)**	(1.1)
New bank loans raised	8	**69.3**	37.2
Repayment of borrowings	8	**(3.4)**	(3.1)
(Outflow)/inflow from factoring	8	**(6.0)**	0.5
Interest element of lease payments	8	**(1.0)**	(0.7)
Receipt from lease debtor		**0.5**	0.5
Capital element of lease payments	8	**(4.2)**	(3.7)
Net cash generated from financing activities		**40.4**	14.5
Net (decrease)/increase in cash and cash equivalents		**(10.4)**	3.6
Cash and cash equivalents at beginning of period		**36.5**	31.7
Effect of foreign exchange rate changes		**(0.2)**	1.2
Cash and cash equivalents at end of period	8	**25.9**	36.5

1 Basis of preparation

The preliminary announcement for the 52 weeks ended 3 April 2022 has been prepared in accordance with the accounting policies as disclosed in Volex plc's Annual Report and Accounts 2021, as updated to take effect of any new accounting standards applicable for the period as set out in Volex plc's Interim Statement 2022.

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 3 April 2022, 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 52 weeks ended 4 April 2021 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 cash flow forecast for the period to the end of September 2023, which is based on the FY2023 Board-approved budget. The Directors have sensitised the cash flow forecast using a base case and downside scenario that take into account the principal risks and uncertainties of the Group and the potential future impact from Covid-19. The sensitivity analysis includes a severe but plausible downside scenario which models a 15% reduction in year-on-year revenue, equivalent to the worst result in recent history, which still provides significant covenant headroom.

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 23 June 2022.

2 Business and geographical segments

Operating segments

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 3 April 2022.

The Group evaluates segmental information on the basis of profit or loss from operations before adjusting items, interest and income tax expense. The segmental results that are reported to the Executive members of the Company's Board and Chief Operating Officer include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

The internal reporting provided to the Executive members of the Company's Board and the Chief Operating Officer for the purpose of resource allocation and assessment of Group performance is based upon the regional performance of where the customer is based and the products are delivered to. In addition to the operating divisions, a Central division exists to capture all of the corporate costs incurred in supporting the operations.

Unallocated central costs represent corporate costs that are not directly attributable to the manufacture and sale of the Group's products but which support the Group in its operations. Included within this division are the costs incurred by the executive management team and the corporate head office.

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

	52 weeks to 3 April 2022		52 weeks to 4 April 2021	
	Revenue $'m	**Profit/(loss) $'m**	Revenue $'m	Profit/(loss) $'m
North America	**272.1**	**21.4**	203.1	19.8
Asia	**142.7**	**11.6**	133.7	14.1
Europe	**199.8**	**32.1**	106.5	15.4
Unallocated Central costs	**–**	**(8.9)**	–	(6.4)
Divisional results before share-based payments and adjusting items	**614.6**	**56.2**	443.3	42.9
Adjusting operating items		**(10.8)**		(5.6)
Share-based payment charge		**(4.4)**		(6.6)
Operating profit		**41.0**		30.7
Share of net profit from associates and joint ventures		**0.4**		0.8
Finance income		**0.3**		0.3
Finance costs		**(5.5)**		(2.4)
Profit before taxation		**36.2**		29.4
Taxation		**(5.8)**		9.5
Profit after taxation		**30.4**		38.9

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.

2 Business and geographical segments (continued)

Geographical information

The Group's revenue from external customers and information about its non-current assets (excluding deferred tax assets) by geographical location are provided below:

	Revenue		**Non-Current Assets**	
				RESTATED
	2022	2021	**2022**	2021
	$'m	$'m	**$'m**	$'m
North America	**272.1**	203.1	**49.3**	23.1
Asia	**142.7**	133.7	**47.2**	25.7
Europe	**199.8**	106.5	**99.8**	114.5
	614.6	443.3	**196.3**	163.3

The restatement relates to amendment of the provisional value of Goodwill associated with the DE-KA acquisition (see note 13).

3 Adjusting items and share-based payments

	2022	2021
	$'m	$'m
Acquisition-related costs	**2.5**	0.4
Adjustment to fair value of contingent consideration	**(0.2)**	(0.1)
Restructuring costs	**0.8**	–
Amortisation of acquired intangibles	**10.3**	5.2
Paycheck Protection Program ('PPP') loan forgiveness	**(2.6)**	–
Pension past service costs	**–**	0.1
Total adjusting operating items	**10.8**	5.6
Share-based payments	**4.4**	6.6
Total adjusting items and share-based payments before tax	**15.2**	12.2
Tax effect of adjusting items and share-based payments (note 4)	**(3.3)**	(2.3)
Total adjusting items and share-based payments after tax	**11.9**	9.9

Adjusting items include costs that are one-off in nature and significant as well as the non-cash amortisation of acquired 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.

3 Adjusting items and share-based payments (continued)

Acquisition-related costs of $2.5m (2021: $0.4m) consist of legal and professional fees relating to potential and completed acquisitions. The acquisition-related costs associated with acquisitions completed during the year are Irvine Electronics LLC ('Irvine') ($0.7m), Terminal & Cable TC Inc ('TC') ($0.4m), Prodamex SA de CV ('Prodamex') ($0.4m) and inYantra Technologies Pvt Ltd ('inYantra') ($0.6m). The Irvine acquisition costs also include consultancy fees agreed with the previous owners as part of the acquisition to support the transition of certain activities. The inYantra acquisition costs included the associated costs of acquiring the land and building. The remaining acquisition costs relate to other acquisitions that have or are being pursued. During the prior year the $0.4m of acquisition-related costs consisted of legal and professional fees associated with the acquisition of De-Ka Elektroteknik Sanayi ve Ticaret Anonim Şirketi ('DE-KA').

The adjustment to the fair value of contingent consideration primarily relates to the acquisition of Ta Hsing Industries Ltd in July 2019. As the lease was not extended a final contingent payment associated with a lease extension was not required. During March 2022 the Group commenced the closure of this site in China with production being transferred to other sites within the Group. The associated restructuring costs of $0.8m comprises of $0.5m of redundancy costs and $0.3m of other closure-related costs.

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 $10.3m (2021: $5.2m) for the period. The increase from prior year relates to the three acquisitions completed during the current period, Irvine, Prodamex and TC, and the annualised impact of DE-KA which was acquired in February 2021.

During the period the Group's North American operations received notification that $2.6m of Payroll Protection Program loans provided during the pandemic were forgiven.

In 2019, the Group recognised a pension past service cost of $0.5m 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 $0.1m in 2021 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 Taxation

	2022			2021		
	Before adjusting items $'m	**Adjusting items and share-based payments $'m**	**Total $'m**	Before adjusting items $'m	Adjusting items and share-based payments $'m	Total $'m
Current tax – expense for the period	**(10.1)**	**0.2**	**(9.9)**	(3.9)	0.1	(3.8)
Current tax – adjustment in respect of previous periods	**(0.1)**	**–**	**(0.1)**	0.2	–	0.2
Total current tax expense	**(10.2)**	**0.2**	**(10.0)**	(3.7)	0.1	(3.6)
Deferred tax – credit for the period	**0.8**	**3.1**	**3.9**	10.8	2.1	12.9
Deferred tax – adjustment in respect of previous periods	**0.3**	**–**	**0.3**	0.1	0.1	0.2
Total deferred tax credits	**1.1**	**3.1**	**4.2**	10.9	2.2	13.1
Income tax (expense)/credit	**(9.1)**	**3.3**	**(5.8)**	7.2	2.3	9.5

UK corporation tax is calculated at the standard rate of 19% (2021: 19%) of the estimated assessable profit for the period. Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

The tax (expense)/credit for the period is lower (2021: lower) than the standard rate of corporation tax in the UK and can be reconciled to the profit before tax per the income statement as follows:

	2022			2021		
	Before adjusting items $'m	**Adjusting items and share-based payments $'m**	**Total $'m**	Before adjusting items $'m	Adjusting items and share-based payments $'m	Total $'m
Profit before tax	**51.4**	**(15.2)**	**36.2**	41.6	(12.2)	29.4
Tax at the UK corporation tax rate	**(9.8)**	**2.9**	**(6.9)**	(7.9)	2.3	(5.6)
Tax effect of:						
Expenses that are not deductible and income that is not taxable in determining taxable profit	**0.1**	**0.4**	**0.5**	1.6	(0.9)	0.7
Foreign exchange on entities with different tax and functional currencies	**(2.4)**	**–**	**(2.4)**	0.8	–	0.8
Adjustment in respect of previous periods	**0.2**	**–**	**0.2**	0.3	0.1	0.4
Changes to tax rates	**1.7**	**0.1**	**1.8**	(0.1)	–	(0.1)
Overseas tax rate differences	**(1.1)**	**0.3**	**(0.8)**	(0.3)	0.1	(0.2)
Current year tax losses and other items not recognised	**(0.1)**	**(0.1)**	**(0.2)**	(0.1)	–	(0.1)
Recognition of previously unrecognised deferred tax assets	**2.9**	**–**	**2.9**	12.9	0.7	13.6
Derecognition of previously recognised deferred tax assets	**(0.6)**	**(0.3)**	**(0.9)**	–	–	–
Income tax (expense)/credit	**(9.1)**	**3.3**	**(5.8)**	7.2	2.3	9.5

4 Taxation (continued)

Included in the non-deductible tax items is an increase to uncertain tax provisions of $0.4m (2021: $0.4m). The Group recognises provisions for uncertain tax positions when the Group has a present obligation as a result of a past event and management judges that it is probable that there will be a future outflow within the Group to settle the obligation. Uncertain tax positions are assessed and measured within the jurisdictions that we operate in using the best estimate of the most likely outcome. It is inevitable that the Group will be subject to routine tax audits or be in ongoing disputes with tax authorities in the multiple jurisdictions it operates within.

The income tax expense reported directly in equity of $0.8m (2021: credit of $4.8m) relates to share-based payments and consists of a current tax credit of $1.6m (2021: $0.8m) and a deferred tax expense of $2.4m (2021: credit of $4.0m).

5 Earnings per ordinary share

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

Earnings	**2022** **$’m**	2021 $’m
Profit for the purpose of basic and diluted earnings per share being net profit attributable to owners of the parent	**30.4**	38.9
Adjustments for:		
Adjusting items	**10.8**	5.6
Share-based payments charge	**4.4**	6.6
Tax effect of adjusting items and share-based payments	**(3.3)**	(2.3)
Underlying earnings	**42.3**	48.8

	No. shares	No. shares
Weighted average number of ordinary shares for the purpose of basic earnings per share	**157,245,284**	152,230,980
Effect of dilutive potential ordinary shares / share options	**10,309,105**	10,288,152
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**167,554,389**	162,519,132

Basic earnings per share	**2022** **Cents**	2021 Cents
Basic earnings per share	**19.3**	25.5
Adjustments for:		
Adjusting items	**6.9**	3.7
Share-based payments charge	**2.8**	4.4
Tax effect of adjusting items and share-based payments	**(2.1)**	(1.5)
Underlying basic earnings per share	**26.9**	32.1

5 Earnings per ordinary share (continued)

Diluted earnings per share	**2022 Cents**	2021 Cents
Diluted earnings per share	**18.1**	23.9
Adjustments for:		
Adjusting items	**6.5**	3.4
Share-based payments charge	**2.6**	4.1
Tax effect of adjusting items and share-based payments	**(2.0)**	(1.4)
Underlying diluted earnings per share	**25.2**	30.0

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 $70.0m multi-currency combined revolving overdraft and guarantee facility. The syndicate comprised HSBC UK Bank plc, J.P. Morgan Securities PLC and Citibank, N.A. London branch. The facility included an additional $30.0m 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.

In September 2021 the Group activated the $30.0m accordion feature on the facility. In February 2022 the Group completed a refinancing with a syndicate of five banks, replacing its existing $100 million revolving credit facility with a new $200 million committed facility (the "Facility") together with an additional $100 million uncommitted accordion (the "Accordion"). As a number of the terms changed as a result of the refinancing the facility the $0.8m debt issue costs associated with the previous facility were written off during the current period.

The new syndicate comprised HSBC UK Bank plc, Citibank, N.A. London branch, Barclays Bank PLC, Fifth Third Bank, National Association and Unicredit Bank AG, London Branch. As part of the Group's new banking facility there are floating charges over certain subsidiaries and their assets. As at the year end these totalled $217.8m (2021: $192.3m).

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 statement of cash flows

	2022 $’m	2021 $’m
Profit for the period	**30.4**	38.9
Adjustments for:		
Finance income	**(0.3)**	(0.3)
Finance costs	**5.5**	2.4
Income tax expense/(credit) (note 4)	**5.8**	(9.5)
Share of net profit from associates	**(0.4)**	(0.8)
Depreciation of property, plant and equipment (note 10)	**6.4**	4.6
Depreciation of right-of-use assets	**3.4**	3.2
Amortisation of intangible assets	**10.4**	5.3
(Profit)/loss on disposal of property, plant and equipment	**(0.2)**	0.1
Share-based payment charge	**4.4**	6.6
Fair value adjustment to derivatives	**–**	(0.2)
PPP loan forgiveness (note 3)	**(2.6)**	–
Contingent consideration adjustments (note 3)	**(0.2)**	–
Decrease in provisions	**(1.7)**	(0.3)
Operating cash flow before movement in working capital	**60.9**	50.0
Increase in inventories	**(28.1)**	(12.2)
Increase in receivables	**(14.2)**	(17.0)
Increase in payables	**7.9**	21.6
Movement in working capital	**(34.4)**	(7.6)
Cash generated from operations	**26.5**	42.4
Cash generated from operations before adjusting items	**28.5**	42.8
Cash utilised by adjusting operating items	**(2.0)**	(0.4)
Taxation paid	**(6.5)**	(3.1)
Interest paid	**(1.5)**	(0.6)
Net cash generated from operating activities	**18.5**	38.7

8 Analysis of net (debt)/funds

	Cash and cash equivalents $'m	Bank loans $'m	Factoring $'m	Lease liabilities $'m	Debt issue costs $'m	Total $'m
At 5 April 2020	31.7	(0.1)	–	(10.9)	0.5	21.2
Business combination	6.4	(4.4)	(6.5)	(9.2)	–	(13.7)
Cash flow	(2.8)	(34.1)	(0.5)	4.4	1.1	(31.9)
New leases entered into during the year	–	–	–	(3.5)	–	(3.5)
Lease interest	–	–	–	(0.7)	–	(0.7)
Exchange differences	1.2	0.5	0.2	(0.1)	0.2	2.0
Amortisation of debt issue costs	–	–	–	–	(0.7)	(0.7)
At 4 April 2021	36.5	(38.1)	(6.8)	(20.0)	1.1	(27.3)
Business combination	**5.3**	**(1.1)**	**–**	**(5.2)**	**–**	**(1.0)**
Cash flow	**(15.7)**	**(65.9)**	**6.0**	**5.2**	**2.5**	**(67.9)**
New leases entered into during the year	**–**	**–**	**–**	**(0.5)**	**–**	**(0.5)**
Lease interest	**–**	**–**	**–**	**(1.0)**	**–**	**(1.0)**
PPP loan forgiveness	**–**	**2.6**	**–**	**–**	**–**	**2.6**
Exchange differences	**(0.2)**	**0.7**	**0.1**	**0.6**	**(0.1)**	**1.1**
Amortisation of debt issue costs	**–**	**–**	**–**	**–**	**(1.3)**	**(1.3)**
At 3 April 2022	**25.9**	**(101.8)**	**(0.7)**	**(20.9)**	**2.2**	**(95.3)**

Debt issue costs relate to bank facility arrangement fees. During the year, $2.5m of professional fees were capitalised, $2.3m related to the new banking facility entered into during February 2022 and $0.2m associated with executing the accordion on the previous facility. During the prior year, $1.1m was capitalised related to the extension of the previous facility. The refinancing resulted in a write-off of $0.8m (2021: $0.4m) during the current period.

Analysis of cash and cash equivalents:	**2022 $'m**	2021 $'m
Cash and bank balances	**29.1**	36.5
Bank overdrafts	**(3.2)**	–
	25.9	36.5

9 Provisions

	Property $'m	Restructuring $'m	Other $'m	Total $'m
At 5 April 2020	0.3	0.1	1.0	1.4
Charge in the period	(0.1)	–	0.8	0.7
Utilisation of provision	–	–	(0.1)	(0.1)
Exchange differences	–	–	0.1	0.1
At 4 April 2021	0.2	0.1	1.8	2.1
Charge in the period	**–**	**0.5**	**(0.1)**	**0.4**
Utilisation of provision	**–**	**–**	**(0.1)**	**(0.1)**
Amounts acquired on business combination	**0.1**	**–**	**–**	**0.1**
Exchange differences	**–**	**–**	**–**	**–**
At 3 April 2022	**0.3**	**0.6**	**1.6**	**2.5**
Current liabilities	**0.1**	**0.6**	**1.6**	**2.3**
Non-current liabilities	**0.2**	**–**	**–**	**0.2**

Restructuring

During March 2022 the Group commenced the closure of its Ta Hsing factory in China with production being transferred to other sites within the Group. Following the communication to all those involved a restructuring provision of $0.5m made to cover the redundancy and other associated exit costs.

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. The Group has a provision of $0.9m (2021: $0.7m) to cover potential costs of recall or warranty claims for products which are in the field but where a specific issue has not been reported.

The Group has $0.3m (2021: $0.3m) provided for legal costs associated with a pending legal case in Canada. The case is on going 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.

During the year the Group made the second payment related to a legacy legal claim at MC Electronics LLC. The case was identified as part of the acquisition with an indemnity obtained from the sellers. The Group holds a provision of $0.1m to cover the final payment and associated costs which will be payable during FY2023.

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

	2022	2021
	$'m	$'m
Operating profit	**41.0**	30.7
Add back:		
Adjusting operating items	**10.8**	5.6
Share-based payment charge	**4.4**	6.6
Underlying operating profit	**56.2**	42.9
Depreciation of property, plant and equipment	**6.4**	4.6
Depreciation of right-of-use assets	**3.4**	3.2
Amortisation of intangible assets not acquired in a business combination	**0.1**	0.1
Underlying EBITDA	**66.1**	50.8

11 Share capital

	Ordinary shares of £0.25 each Number	**Par Value $'m**	**Share Premium $'m**	**Total $'m**
Allotted, called up and fully paid:				
At 5 April 2020	151,818,762	60.3	46.5	106.8
Issue of deferred bonus shares	432,040	0.1	–	0.1
Acquisition of DE-KA	3,320,000	1.1	14.4	15.5
Acquisition of Servatron – contingent consideration	1,481,239	0.5	–	0.5
At 4 April 2021	157,052,041	62.0	60.9	122.9
Issue of new shares	1,666,668	0.5	–	0.5
At 3 April 2022	**158,718,709**	**62.5**	**60.9**	**123.4**

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

- Issued 1,666,668 ordinary shares to satisfy the vesting of the share awards granted to the senior employees and/or former owners of Servatron and GTK as the businesses met the required operating profit targets set out in the acquisition agreements.

The prior year movements were:

- 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.

12 Own shares and non-distributable reserves

Own shares	**2022 $'m**	2021 $'m
At the beginning of the period	**3.3**	1.0
Sale of shares	**(7.5)**	(1.7)
Purchase of shares	**4.4**	4.0
At end of the period	**0.2**	3.3

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 3 April 2022 was 53,205 (2021: 931,577). The market value of the shares as at 3 April 2022 was $0.2m (2021: $4.4m).

Unless and until the Company notifies a trustee of the Volex Group plc Employee Share Trust, in respect to shares held in the Trust in which a beneficial interest has not vested, rights to dividends in respect to the shares held in the Trust are waived.

During the year 3,645,040 (2021: 625,000) shares were utilised on the exercise of share awards. During the year, the Company purchased 1,100,000 shares (2021: 1,100,001) at a cost of $4.4m (2021: $4.0m) and issued 1,666,668 new shares (2021: nil).

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 $2.5m non-distributable reserve balance.

13 Business combinations

Irvine Electronics LLC

On 29 October 2021 the Group completed the acquisition of 100% of the membership interests in Irvine Electronics LLC ('Irvine'), a US-based manufacturer of electronic solutions, including printed circuit board assemblies, across a wide variety of blue-chip customers, particularly in the defence, military aerospace and medical markets.

Irvine was acquired for cash consideration of $15.1m funded from the Group's existing debt facilities. Cash paid includes the initial consideration and the working capital adjustment. There is no deferred or contingent consideration.

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 $'m
Identifiable intangible assets	7.0
Property, plant and equipment	0.1
Right-of-use asset	1.6
Inventories	5.2
Trade receivables	3.2
Trade payables	(1.1)
Other debtors and creditors	(0.3)
Customer deposits	(3.6)
Provisions	(0.1)
Cash	0.9
Lease liabilities	(1.6)
Total identifiable assets	11.3
Goodwill	3.8
Consideration	**15.1**

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

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.

The provisional goodwill balance recognised above includes certain intangible assets that cannot be separately identified 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. The goodwill recognised is expected to be deductible for income tax purposes over a 15-year period.

In FY2022, Irvine contributed $6.8m to Group revenue and $40,000 to adjusted operating profit. Associated acquisition costs of $0.7m and intangible asset amortisation of $0.5m have both been expensed as adjusting items in the period.

If Irvine had been acquired at the beginning of the year, it would have contributed revenues of $21.7m and operating profit of $4.4m to the results of the Group.

13 Business combinations (continued)

Terminal & Cable TC Inc and Prodamex SA de CV

On 4 January 2022 the Group completed the acquisitions of Terminal and Cable TC Inc ('TC') and Prodamex SA de CV ('Prodamex'). TC provides ruggedised wire harness manufacturing capabilities focusing in the "off-highway" market sector, supporting defence, industrial, agricultural and construction machinery. Prodamex is a business focused on wire harnesses for domestic appliances from its manufacturing facility in Central Mexico.

TC and Prodamex were acquired for a combined cash consideration of $18.9m funded from the Group's existing debt facilities. Included within this amount is the estimated working capital adjustment of $1.2m which will be paid during FY2023. There is no deferred or contingent consideration.

The provisional fair value amounts recognised in respect of the identifiable assets acquired and liabilities assumed are set out in the table below:

	TC $'m	Prodamex $'m	Total $'m
Identifiable intangible assets	3.0	3.0	6.0
Property, plant and equipment	0.3	0.7	1.0
Right-of-use asset	2.8	0.7	3.5
Inventories	3.7	3.6	7.3
Trade receivables	2.1	1.2	3.3
Trade payables	(1.0)	(1.6)	(2.6)
Other debtors and creditors	(0.5)	(0.5)	(1.0)
Cash	1.8	–	1.8
Deferred taxes	(0.8)	(0.6)	(1.4)
Retirement benefit obligation	–	(0.1)	(0.1)
Lease liabilities	(2.8)	(0.7)	(3.5)
Total identifiable assets	8.6	5.7	14.3
Goodwill	1.7	2.9	4.6
Consideration			**18.9**

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

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.

The provisional goodwill balance recognised above includes certain intangible assets that cannot be separately identified and measured due to their nature. This includes control over the acquired businesses, the skills and experience of the assembled workforce and the anticipated synergies arising on integration. None of the goodwill recognised is expected to be deductible for income tax purposes.

13 Business combinations (continued)

In FY2022, TC contributed $2.4m to Group revenue and a loss of $0.1m to the Group adjusted operating profit. Associated acquisition costs of $0.4m and intangible asset amortisation of $0.1m have both been expensed as adjusting items in the period. If TC had been acquired at the beginning of the year, it would have contributed revenues of $11.6m and operating profit of $0.9m to the results of the Group.

In FY2022, Prodamex contributed $3.3m to Group revenue and $0.2m to adjusted operating profit. Associated acquisition costs of $0.4m and intangible asset amortisation of $0.2m have both been expensed as adjusting items in the period. If Prodamex had been acquired at the beginning of the year, it would have contributed revenues of $14.9m and operating profit of $1.0m to the results of the Group.

inYantra Technologies Pvt Ltd

On 30 March 2022 the Group completed the acquisition of 51% of the share capital in inYantra Technologies Pvt Ltd ('inYantra') and 100% of the industrial land and operational buildings. The company operates from a site in Pune, India, with expertise in printed circuit board assembly and box build integrated solutions.

The inYantra business was acquired for a total cash consideration of $13.1m with $8.1m paid initially with $5.0m paid in April 2022 upon completion of the transfer of the building. There is no other deferred or contingent consideration.

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 $'m
Identifiable intangible assets	2.3
Property, plant and equipment	6.0
Inventories	3.6
Trade receivables	3.9
Trade payables	(4.5)
Other debtors and creditors	(1.4)
Cash	2.5
Deferred taxes	(0.7)
Bank loan	(1.1)
Total identifiable assets	10.6
Less non-controlling interest	(7.4)
Goodwill	9.9
Consideration	**13.1**

An exercise has been conducted to assess the provisional fair value of assets and liabilities assumed. This exercise identified customer relationships and order backlog intangible assets. The property and property, plant and equipment were subject to an external valuation.

13 Business combinations (continued)

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. The interest of the non-controlling interest has been initially measured at fair value.

The provisional goodwill balance recognised above includes certain intangible assets that cannot be separately identified 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. None of the goodwill recognised is expected to be deductible for income tax purposes.

Due to the timing of the acquisition no trading activity has been consolidated into the FY2022 income statement. Associated acquisition costs of $0.6m have been expensed as adjusting items in the period. If inYantra had been acquired at the beginning of the year, it would have contributed revenues of $21.9m and operating profit of $1.2m to the results of the Group.

DE-KA

On 18 February 2021 Volex plc completed the acquisition of DE-KA. In accordance with IFRS 3 'Business Combinations' the group has updated the provisional fair value of the contingent consideration used in calculating Goodwill. The change in estimate reflects improved understanding associated with a potential working capital payment to/from the former owners of the business measured over the July - December 2022 period. The impact of this change was to increase Goodwill by $2.5m and record contingent consideration of $2.5m.

Net cash outflow on acquisitions	**$'m**
Cash consideration	
– Irvine	15.1
– TC and Prodamex	17.7
– inYantra	8.1
Total cash consideration	**40.9**
Less: cash and cash equivalents acquired	
– Irvine	0.9
– TC and Prodamex	1.8
– inYantra	2.5
Net cash outflow	**35.7**

Payment of deferred and contingent consideration	
– DE-KA	17.2
– Servatron	1.7
– Ta Hsing	0.3
Net cash outflow	**19.2**

14 Events after balance sheet date

There are no disclosable events after the balance sheet date.