Delivering Critical Connections

Annual Report and Accounts
for the year ended 2023

Welcome to Volex's 2023 Annual Report

Volex is a leading specialist integrated manufacturer of critical power and data transmission 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 power products.

With sales teams located around the globe, combined with authorised distribution partners, we have the ability to service our customers' needs and deliver our products to Original Equipment Manufacturers ('OEMs') and Electronic Manufacturing Services ('EMS') companies worldwide.

The critical products and services that we offer are integral to the increasingly complex digital world in which we live, providing power and connectivity from the most common household items to the most complex medical equipment.

We are headquartered in the UK and operate from 19 manufacturing locations with a global workforce of over 8,000 employees across 22 countries.

Why we exist

Our purpose:
Delivering best-in-class critical connections.

Our vision:
To be a leading global supplier of diverse high-quality power and data connectivity-related solutions, with customers, engineering and people at our core, and renowned for our adaptability and customer service.

Our mission:
To deliver safe, sustainable high-quality critical power and data connectivity-related solutions in our chosen markets. Enabling our customers to succeed in an era of rapid technological acceleration through our manufacturing excellence, global footprint and stringent quality assurance.

Our culture

Our culture fills us with pride and underpins our approach and the way we operate. Our people are passionate about our customers and, through collaboration and hard work, commit to delivering on-time solutions that are right the first time, every time.

Through collaboration and teamwork we harness the power of our people through kaizen and operational excellence.

Sustainable ratings

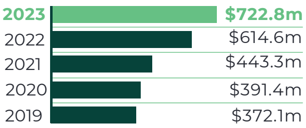
UN sustainable development goals

Links to more Volex content

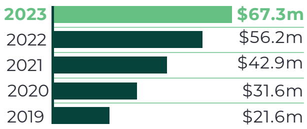
- Sustainability supplement https://www.volex.com/wp-content/uploads/2023/06/FY2023-Supplemental-Sustainability-Disclosure-Report.pdf
- https://www.volex.com/

Financial highlights

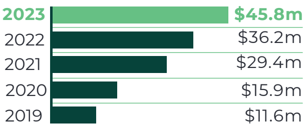
Revenue ($M)



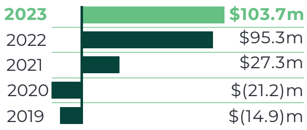
Underlying operating profit ($M)[1]



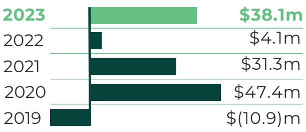
Profit before tax ($M)



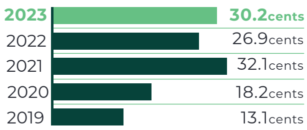
Net debt/(cash) ($M)



Free cash flow ($M)[2]



Underlying basic earnings per share (cents)[3]



Underlying operating profit, free cash flow and underlying basic earnings per share are alternative performance measures. More details on alternative performance measures can be found on pages 188 to 189.

1 Underlying operating profit is operating profit before adjusting items and share-based payment charges – see note 7 on pages 142 to 143.

2 Free cash flow is net cash flow before financing activities and the acquisition of businesses, net of cash acquired.

3 Based on profit before adjusting items and share-based payments, net of tax – see note 11 on page 146.

Non-financial highlights

Employee Safety (accident frequency rate, reportable accidents per million hours worked)

Carbon Intensity (tonnes of scope 1 and 2 emissions produced per $M revenue)

Our five-year strategy

Our ambitious five-year strategy, launched in June 2022, sets out our target to grow revenues to $1.2 billion by the end of FY2027, including $200 million from new acquisitions. We intend to maintain our operating margins in the range of 9-10%. A year on, we are comfortably on track, delivering great progress in attractive markets with structural growth drivers.

Organic growth, investment & acquisitions

In recent years we have increased our investment in organic opportunities in order to drive growth. This approach has been highly successful with revenue growing organically by 11.4% in FY2023. Acquisitions also remain a core element of the Volex strategy, with one additional business added to the Group during the year.

Acquisition of RDS

At the end of October 2022, we completed the acquisition of the Review Display Systems Group ('RDS') for initial consideration of $5.5 million. RDS is based in Westerham, United Kingdom, focusing on display systems and complements our existing UK business.

Net zero commitment

We are committed to becoming net zero on Scope 1 and 2 emissions by 2035. As part of this journey, we will set science-based emission reduction targets aligned with the SBTi's target setting criteria.

Contents

Delivering
critical connections

We make this a reality through:

Delivering customer focus

Our worldwide customer service representatives and sales teams are located in close proximity to our customers, providing them with an enhanced experience. We manage the sourcing of components for complex solutions, ensuring our global supply chain experts understand our customers' requirements.

Delivering successful innovation

Our world-class process engineers give us the ability to deliver increasingly complex manufacturing services successfully by partnering with customers. Volex's design teams create unique solutions to complex engineering challenges, resulting in several new patents being registered each year.

Delivering excellent performance

Volex has delivered excellent revenue progression with strong organic growth. Over the last three years, underlying operating margins have remained within our target range despite the supply chain and inflation challenges that all manufacturers have faced.

At Volex, we're passionate about our customers. That's why all of our employees put in extra effort to ensure that the products and solutions they deliver are of the highest quality – every time. We are proud to provide our customers with solutions that allow diverse technologies to operate efficiently and safely.

We are a global company with complex supply chains, so the effectiveness of how our multicultural and multilingual teams work together is critical to our success. It's all about people!

Strong financial track record

Over the past five years we have increased our revenues by compound annual growth rate of 18% whilst improving underlying operating margins from 5.8% in FY2019 to 9.3% in FY2023. Our strong financial position and healthy cash generation allows us to continue to invest in the future growth of the business. The majority of the investment projects we identify pay for themselves within two years – and many do so in less time than that.

Read more about **our Track Record** on page 190

Well positioned in growing, sustainable markets

Our chosen markets all demonstrate structural, sustainable growth and are highly fragmented. We partner with customers in the Electric Vehicles, Consumer Electricals, Medical and Complex Industrial Technology markets. Through the relationships with our customers, we develop new products based on the evolving needs of their markets. By staying abreast of trends, we can continue growing our business while delivering optimal products that satisfy customer demands. We are committed to providing quality products and services that meet or exceed our customers' expectations.

Read more about **our Growing Markets** on pages **10 to 11**

Our investment proposition

Global presence and scale

With 19 manufacturing sites, and sales and technical support teams across three continents and 22 countries, we are available when, and where, our customers need us. Partnering with us allows our customers to take advantage of the economies of scale and purchasing power we have throughout our business.

Read more about
our Global Presence and Scale
on page 17

Successful acquisitive approach

Acquisitions remain a key pillar of our strategic approach. We have a proven track record of successful acquisitions, with 11 completed over the past five years. These not only helped us expand capabilities but also delivered significant operational, financial and geographic success. We carefully assess the suitability of new acquisition targets based on their alignment with our strategic focus areas and long-term goals. We consider opportunities that offer geographic expansion, technological advancement and increased diversification so we can deliver more value to our stakeholders.

Read more about
our Successful Acquisitive Approach
on page 36 to 37

Operational excellence

Continuous improvement is embedded in our culture which, alongside our advanced manufacturing assets, allows us to strive for operational excellence. Our brand is synonymous with quality and reliability so our customers know they can always count on us to deliver products that meet their high standards. This is why we invest in rigorous testing and certifications to ensure that every product meets the highest standards. We strive for continuous improvement through innovation, creativity and collaboration. This allows us to remain at the forefront of our industry.

Read more about
our Approach to Operational Excellence
on page 26

Remarkable talent

We value the exceptional talents of our employees, who work together to achieve results on a local level while also supporting each other across organisational borders. The leadership team creates an environment where collaboration can flourish by nurturing talent and encouraging development. We promote a culture of accountability, responsibility and ownership that empowers everyone to do the right thing. We value the strengths of each individual and team.

Read more about
our Remarkable Talent
on page 6

Delivering critical connections

We provide market-leading products that enable our customers to succeed

Bringing connectivity and power to high-tech equipment that is changing how we live, work, and communicate demonstrates our dedication to improving the quality of life around the world.

Maintaining advanced manufacturing assets to meet the evolving demands of our customers through our capital investment programmes, we offer them integrated solutions by assembling a diverse range of capabilities that we have designed to overcome manufacturing challenges.

Product design

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

New product introduction

We help clients develop products by working with them from the beginning of the product development process. This collaborative approach helps us meet our customers' needs and reduce costs.

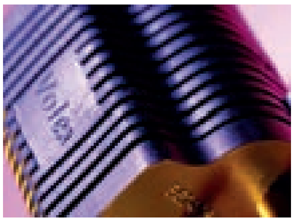
Intellectual property

Our design teams develop novel solutions to engineering challenges, allowing us to register a small number of patents each year. This augments our manufacturing know-how that has been developed over many years.

The Volex portfolio of products, capabilities and solutions include:

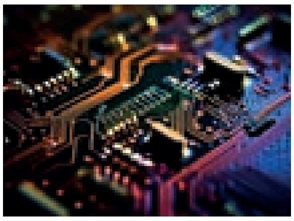
Electric vehicle charging solutions

Offering a comprehensive portfolio of charging products for electric vehicles, we have developed products for all applications from private AC home charging to public DC fast charging.



Power cords, plugs, connectors, receptacles

We are a leading low cost manufacturer and supplier of power cords, plugs and receptacles. Our products are sold to manufacturers for a broad range of electrical and appliance applications.



Integrated manufacturing services (IMS)

Taking a customer's complete performance-critical design we can build the entire product, including PCB assembly, box build and complex cable assemblies.

High-speed data cables

Our market-leading high-speed data cables are crucial to leading-edge data centres to support faster processing, greater bandwidth and increased density.

Vertically integrated solutions

With the increasing complexities in our demanding end markets, we can draw on our manufacturing expertise from across the globe. Our integrated approach allows us to take our clients further.

Delivering customer focus

Integrated manufacturing services (IMS)

Our services include

- High Level Assembly (HLA) Manufacturing and Integration
- Box Builds
- Electromechanical Assemblies and Systems
- Custom Wiring and Cable Harnesses
- Printed Circuit Board Assemblies (PCBA)

That serve four customer end markets

- Electric Vehicles
- Consumer Electricals
- Medical
- Complex Industrial Technology

These end markets serve our submarkets

- Electric Vehicles
- IT & Electronics
- Domestic Appliances
- Medical
- Aerospace & Defence
- Industrial Manufacturing
- Data Centres
- Commercial and Other

Delivering critical connections

A culture that drives success

Kaizen

Kaizen is a Japanese philosophy that emphasises continuous improvement in all aspects of life, including in business. In manufacturing businesses, kaizen programmes help to improve quality, efficiency and productivity by enabling organisations to identify and eliminate waste, reduce costs and increase employee engagement. Through the Volex Excellence System, we encourage our employees to find ways to improve our processes and systems. Kaizen fosters a culture of innovation and creativity, boosting morale and team unity. Kaizen helps us to stay competitive in a rapidly changing market by continuously improving our operations and delivering high-quality products and services to our customers.

Innovating standards to meet the requirements of evolving clients

We foster a culture of innovation and collaborate with our customers to understand their current and future challenges. We encourage employees to experiment with new ideas, provide resources for innovation and recognise and reward innovation efforts. Collaborating with technology partners also helps us access new technologies and ideas, expand our networks and accelerate innovation.

Advanced manufacturing assets across three continents

With operational capabilities across three continents, we have the right combination of facilities, products and services to ensure we provide our customers with an outstanding experience. We coordinate the procurement of all materials required for our customers' complex solutions, sourcing them from all over the world to obtain the best quality components at the lowest cost.

Best-in-class processes and quality assurance

Our commitment to quality permeates our organisation and influences every aspect of manufacturing. This enables us to keep focused on continuous improvement so that we can maximise efficiency while remaining cost competitive. Our product experts conduct rigorous testing to ensure that quality standards are maintained. All of our sites have ISO 9001, and many have other sector-specific certifications, such as IATF 16949, providing assurance to our customers.

Optimised from a cost and tariff perspective

Our global manufacturing footprint is optimised to operate in the most cost-efficient way to support our customers. We identify the most appropriate matrix of skills and capabilities in our sites corresponding with our customers' requirements. With operations in multiple countries, we can supply from tariff-free and lower tariff locations.

Read more about our Business Model on pages 22 to 23

Read more about our Markets on pages 16 to 21

Accreditations

We publish data on our sustainability performance through globally recognised platforms to provide independent verification and assurance of our disclosures.

CDP — Water: B-
Climate: C

EcoVadis Silver Medal

ISO 9001
ISO 14001
ISO 45001

Remarkable talent

Our employees are our most important asset.

Onboarding, training and retention

We support our employees from the time they join the company until they have fully mastered their roles. We use trainers and buddy systems to ensure new colleagues get the support they need in their early days as we recognise that developing talent is essential to support our business growth.

Reward and recognition

Reward and recognition are important for employees because they boost motivation, engagement and job satisfaction, leading to improved performance and retention. All our sites are encouraged to operate recognition programmes locally and as a Group we celebrate kaizen teams and site excellence on an annual basis.

Impact

Talented people are central to our business because they drive innovation. Through collaboration, and the sharing of knowledge, they enable us to stay competitive helping to create a positive culture that attracts top talent.

Read more about Stakeholder Engagement on pages 74 to 75

Delivering successful innovation

Supported by our values:

Be trusted
Putting our customers first, we work to understand them deeply and to exceed their expectations. Our customers trust us to deliver their critical projects.

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

Be challenging
Our policy is to speak up, being direct and honest with each other. By working together and challenging constructively we develop the best solutions.

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

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

Delivering critical connections

A year ago, we set out our ambitious new five-year plan, to grow our revenues to $1.2 billion by FY2027. Our results demonstrate the value added by our investment programme and our ongoing ability to deliver against this plan.

We are confident that our strategy and operating model provides us with the opportunity to deliver long-term organic growth alongside complementary, earnings-enhancing acquisitions.

Our strong performance, clear strategy and pipeline of customer opportunities underpins our confidence to deliver on our ambitious five-year plan.

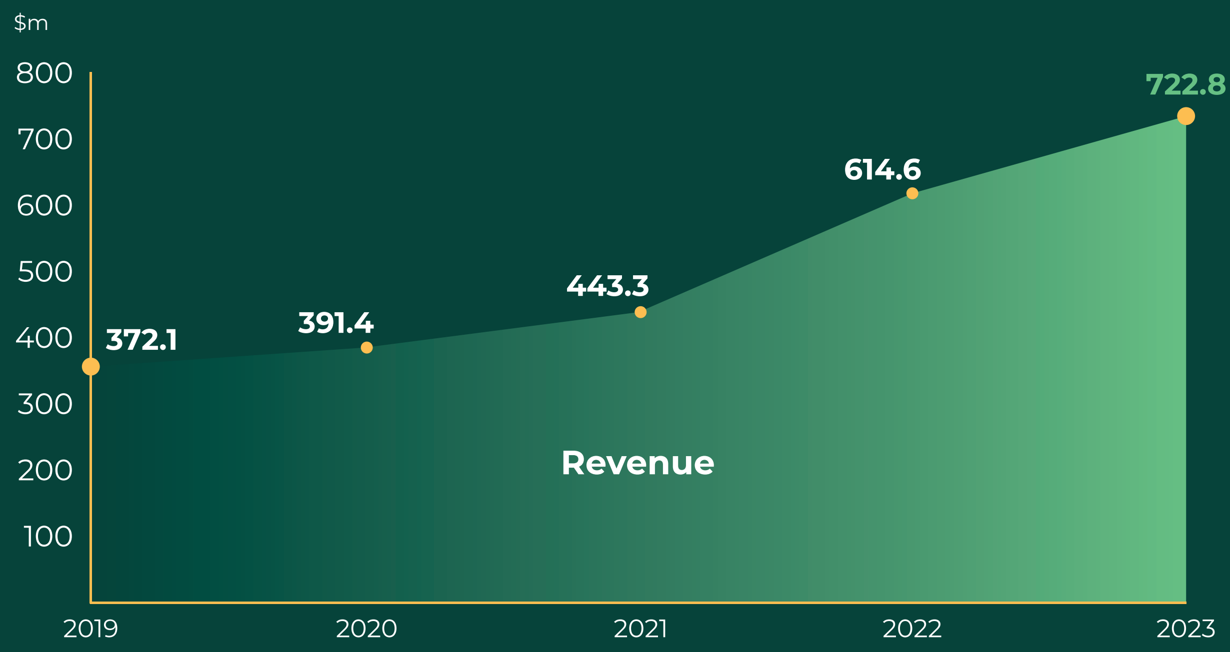
Resilient and well positioned for continued growth and success

We have built a strong, resilient and diverse business, aligned to fragmented market sectors with long-term structural growth characteristics.

In the current high-inflationary environment, we have shown that we are capable of managing supply chain and inflationary pressures effectively, while simultaneously continuing to win new projects and expand opportunities with existing customers.

We continue to report strong organic sales growth, building on the momentum generated last year whilst maintaining our margins within our target range and demonstrating our ability to effectively pass through inflationary increases.

Five-year summary FY2019-FY2023

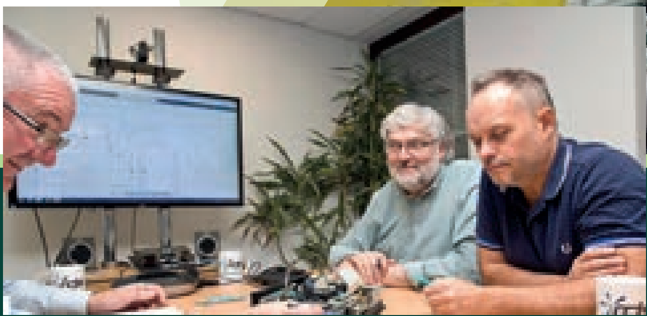


Five-year plan FY2023-FY2027

Revenue	Underlying operating margin	Revenue from acquisitions
$1,200m	9-10%	$200m

by end of FY2027

Delivering excellent performance



Acquisition of Review Display Systems Limited ('RDS')

RDS specialises in offering a complete display and embedded solutions service including custom displays, embedded boards, firmware engineering support, prototypes and a full manufacturing service. It operates from a ISO 13485 Medical Devices accredited production facility based in Westerham, Kent and also has a sales presence in the United States.

Overview

The acquisition of RDS will combine with, and complement, our existing successful and growing UK-based business, GTK, to create an increasingly complete customer solution. GTK specialises in the manufacture and provision of customised electronic solutions including complex cable assemblies, custom displays and integrated box build solutions for global blue chip customers. The two businesses will be managed under a single leadership structure to identify and deliver synergy opportunities.

How will this benefit Volex?

- Combined RDS and GTK business has a complementary product offering, with an enhanced footprint in the UK
- Significant cross-selling opportunities
- Potential synergies in IT, freight, suppliers and warehousing
- Offers a more complete customer solution with increased design and engineering support
- US presence of RDS creates further global opportunities
- Internet of Things ('IoT') expertise

RDS has a high-quality design and support team which guides customers through the entire process, partnering to understand the specifications in order to design the solution, create prototypes, all the way through to full scale production. With around 200 active clients worldwide, of which the majority provide ongoing repeat business, RDS serves a diverse range of end markets including Medical and Complex Industrial Technologies. As a strong strategic fit with our existing UK business, there are exciting opportunities in this region.

$14.5m
Annual revenues based on 12 months to March 2023

$1.9m
Annual operating profit based on 12 months to March 2023

41 years
Experience of manufacturing custom displays

Delivering critical connections

Our reputation for quality has been recognised in the industries in which we operate

- Volex was recently recognised by ASEFA, a certification body for electric vehicle charging stations, plugs and sockets, as one of the few charging cable assembly suppliers to include the E.V. READY® Mark.
- Ambition for Net Zero Journey to achieve net zero on scope 1 and 2 emissions by 2035.
- MedAccred has accredited Volex's Tijuana, Mexico manufacturing facility for meeting the rigorous cable and wire harness manufacturing requirements established by ten of the leading medical device companies.

Read more about our Markets on pages 16 to 21

Electric Vehicles demand and revenue growing strongly

$138m Revenue FY2023

+33% Growth FY2023

Performance

- Strong momentum continued in Electric Vehicles responding to increasing demand
- Our customer base has diversified and we have successfully developed our range of products
- We also provide solutions to support faster modes of charging both domestically and out of the home

Opportunity

Expected market growth over five years of 17%[1]

Impact

The major benefit of electric cars is the contribution that they can make towards improving air quality in towns and cities. With no exhaust, pure electric cars produce no carbon dioxide emissions when driving. This reduces air pollution considerably.

Put simply, electric cars give us cleaner streets making our towns and cities a better place to be for pedestrians and cyclists. In over a year, just one electric car on the roads can save an average 1.5 million grams of CO_2. That's the equivalent of four return flights from London to Barcelona.

[1] Source: Statista research on global electric vehicles 2023-2027

Consumer Electricals continued success with new project wins

$262m Revenue FY2023

0% Growth FY2023

Performance

- New projects offset the macroeconomic headwinds experienced during the year
- With customers localising supply chains we are able to utilise our global footprint to support them
- We have safety approvals covering every major market and follow ISO 9001 procedures, ensuring the highest standards on all electric cords produced

Opportunity

Expected market growth over five years of 12%[2]

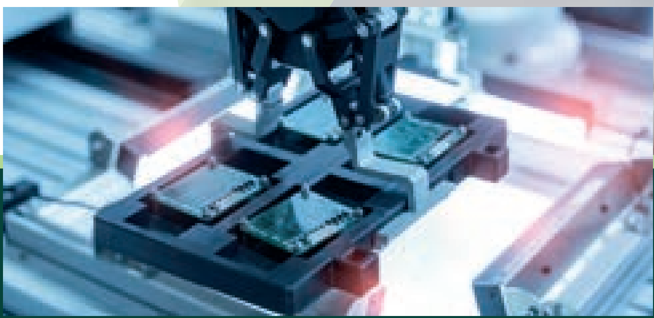
Impact

Consumer demand for enhanced and updated technology results in continual appliance design evolution. Manufacturers develop the technology of appliances, enriching features and improving the efficiency of products, making them desired consumer items.

The development of 'smart' appliances allows users to monitor their appliances in order to obtain better control and information and to save them time and money.

[2] Source: Statista research on global consumer electronics 2023-2028

Delivering excellent performance



Medical revenues strong as supply chain challenges improve

$145m
Revenue FY2023

+13%
Growth FY2023

Performance

- Strong revenue from Medical customers as supply chain challenges begin improving
- Our major customers are reporting significant increases in order books
- Momentum expected to be sustained over the medium term with near-shoring benefit

Opportunity

Expected market growth over five years of 5%[3]

Impact

Medical solutions will provide faster and more accurate diagnoses, leading to improved patient outcomes and reduced healthcare costs. Electronic health records (EHRs) enable better coordination and continuity of care, and telemedicine services expand access to medical expertise for those in remote or underserved areas.

Electronic medical equipment also allows for non-invasive monitoring and treatment, reducing the need for more invasive procedures and promoting faster recovery times. These advancements have the potential to improve overall patient outcomes and contribute to a more efficient and effective healthcare system.

[3] Source: Statista research on global medical technology 2023-2027

Complex Industrial Technology showing strong growth

$178m
Revenue FY2023

+48%
Growth FY2023

Performance

- Demand increasing for core industrial business reflecting improving supply chain
- Data centre customers are transitioning to 400Gbps network equipment
- Next-generation data centre products have been qualified with key customers

Opportunity

Expected industrial automation market growth over seven years of 10%[4]

Impact

Drives economic growth and innovation, creating new industries and jobs. Industrial automation improves manufacturing processes, leading to increased productivity and cost savings. This diverse sector also serves transportation, aerospace and defence as well as commercial applications.

The increased requirements for cloud computing storage has created a need for ever faster infrastructure within Data Centres to support this. We are at the forefront of this fast-moving cutting edge technology, with a dedicated research and development team working on the latest advanced technology.

[4] Source: Fortune Business Insights research on industrial automation 2022-2029

Executive
Chairman's Statement

Our focus on innovation, quality and continuous improvement has made Volex an incredibly competitive business.

Nathaniel Rothschild
Executive Chairman

Introduction

The Group has delivered another year of excellent progress, sustaining double-digit organic revenue growth and further improving underlying operating margins.

Our success is a combination of targeted investment into the business and a strategic focus on key market sectors which have and will continue to deliver significant growth. It is also a clear indication of our teams' abilities to harness the structural growth drivers in our chosen markets.

The last three years have been challenging for global manufacturing, and yet with margins sustainably within our target range, we have proven that we have a robust business, capable of navigating logistical challenges and exceeding customer expectations.

Our focus on building a business based on innovation, service and quality continues to be the key differentiator in our market. Price is a factor, but it is not the only consideration. Whilst we remain committed to providing exceptional value to our customers and supporting their growth through our unrivalled global footprint, we are equally focused on providing our shareholders with an attractive investment opportunity.

We continued to invest in our business as we delivered revenue growth of 17.6% in FY2023 and an increase in underlying operating profit of 19.8%. We also achieved significant constant currency organic revenue growth of 11.4%, giving us a three-year average constant currency organic annual rate of 12.9%. Operating margins rose to 9.3% (FY2022: 9.1%), reflecting the strength and consistency of our commercial proposition. Our covenant leverage has improved ahead of expectations to 1.0x in the past year and is now 0.2x lower than it was at the beginning of FY2023. It is these strong performance metrics that make us believe we are well positioned for future growth as we continue to innovate and expand globally.

Read more about our Strategic Aim on pages 24 to 27

Our renewed competitiveness fuelled by our investment in vertical integration, manufacturing efficiency and continuous improvement initiatives, is accelerating new contract wins and increasing market share. These awards have been secured by our ability to offer best-in-class products and services, underpinned by a global supply chain that is lean and responsive.

Strategic focus

We are benefitting from very significant structural changes in the manufacturing landscape as our customers reconfigure their supply chains. For a combination of logistical and geopolitical reasons, there is a marked increase in initiatives to reduce complexity and bring the source of critical components nearer to the point of final assembly. This plays to our strengths given our expertise in delivering reliable, resilient and flexible manufacturing solutions.

Our investments in new capacity are helping to meet the demand for localisation. In particular, we are expanding our sites in India, Mexico, Poland and Indonesia following positive feedback from existing and potential customers.

We are already seeing the benefits arising from this strategy having announced a major Electric Vehicles ("EV") power products contract win for our site in Tijuana, Mexico in May. We have a detailed plan to successfully onboard EV products into Mexico, and the opportunity to grow this business while still maintaining attractive margins is significant.

Success in markets with significant structural growth drivers

There are significant growth drivers that support our expansion plans in key markets. Electrification is transforming the automotive industry and contributing to carbon reduction targets around the globe.

Adoption of Electric Vehicles is accelerating as consumers recognise the advantages. As the market grows, we are broadening our product suite, utilising our specialist manufacturing expertise to encompass on-car assemblies as well as a variety of charging infrastructure products.

The growth we have seen in the Medical sector is underpinned by continued innovation, with healthcare providers improving patient outcomes through cutting-edge imaging and diagnostic technology. Customers in our diverse Complex Industrial Technology sector are also experts in delivering transformational technology through advanced engineering. Our specialist manufacturing locations support this progress by delivering mission critical assemblies.

We continued to win market share as the Consumer Electricals market experienced a period of normalisation off the back of higher demand in the previous two years. This was achieved because we have highly competitive operations with an unparalleled global footprint.

People and culture

Volex has made tremendous progress since I joined the business in 2015, having first become a Volex shareholder in 2008.

We have grown into an ambitious, successful organisation with a clear strategic focus and this has been achieved through the creation of an exceptional team who understand every aspect of our operations and work tirelessly to deliver exceptional results to our customers.

We operate with agility, empowering our people to make decisions and think entrepreneurially, allowing us to demonstrate leadership in our chosen markets.

We are an international business with a global perspective and a solution focused mindset. We believe that our people are at the heart of everything we do, so we aim to provide them with the opportunity to be successful in every aspect of their career.

By being open and collaborative, we create an environment where everyone can thrive and contribute. Our performance culture is designed to allow a group of remarkably talented people to work together, contributing to alignment and accountability within a decentralised operating model. This is supported by a leadership team who nurture talent and encourage development, creating an environment where collaboration can flourish.

Delivering our strategic ambitions

A year ago, we set out an ambitious five-year plan, to double our revenues to $1.2 billion by the end of FY2027, through a combination of acquisitions and organic growth.

Our compelling performance this financial year further supports our confidence in achieving these objectives while our key positioning in attractive markets with structural growth drivers is a major element of this strategy.

At the same time, we need to scale our operations to ensure continued efficiency in our business. We are enhancing our capabilities to deliver more to our customers and support their increasing requirements.

Our manufacturing sites are well-invested, with key processes vertically integrated and well-defined quality assurance procedures. This allows us to sustain high levels of customer satisfaction while maintaining price competitiveness.

It is difficult to replicate these capabilities which supports the long-term profitable relationships we maintain with our customers. We believe that our business model is a competitive advantage, which will allow us to continue growing and providing value to all stakeholders.

Acquisitions

The execution of our acquisition strategy has significantly enhanced our business, bringing diversification, value-add capabilities and significant new global customer relationships.

We maintain a disciplined acquisition strategy by concentrating on businesses that provide access to compelling markets, connect us to new customers, enhance our geographic footprint or enable us to consolidate within fragmented sectors. During the year, we acquired RDS, a specialist designer and manufacturer of digital display solutions, enhancing our capabilities in the European market.

Sustainability

As a responsible business, we recognise the impact that we have on the world around us. We take sustainability seriously and we are focused on reducing our environmental impact. This has seen us reduce our carbon intensity by 21% over the last three years.

We have launched an ambitious new plan to achieve net zero on scope 1 and 2 emissions by 2035. This is creating a framework for action at every level of the organisation as we identify and implement meaningful changes to be cleaner and greener.

We are improving our energy efficiency and reducing the amount of waste we create by increasing recycling, reusing materials and finding alternative uses for waste. We are also actively working to reduce our water consumption by increasing water recycling and optimising the use of grey water in our facilities.

Dividend

Having delivered another year of strong growth, and with a robust balance sheet, the Board is pleased to propose a final dividend of 2.6 pence per share. Together with the interim dividend payment of 1.3 pence, this gives rise to a total dividend for the year of 3.9 pence, an increase of 8.3% on the prior year. The Board considers this to be an appropriate and sustainable level of dividend that reflects our confidence in the Company's ability to deliver sustained growth.

Outlook

We entered the new financial year with good momentum, with high levels of customer demand. Our supply chains are now much improved and are therefore enabling us to step up production, particularly for high value-add complex products.

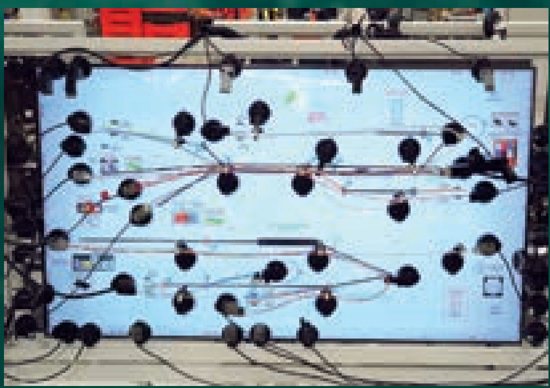
With a diverse offering, proven success in attracting and retaining customers, and extensive experience operating in our highly attractive markets, we believe that Volex has the potential to grow significantly.

We are confident that with a strong strategy, clear demand for our products and solutions, and ambitious team members, we will continue to make excellent progress towards our five-year plan financial targets.

Nathaniel Rothschild
Executive Chairman

21 June 2023

Strategic report



Consumer Electricals wire harness capability

Volex has established itself as a leading manufacturer and distributor of wire harnesses for Consumer Electricals products. We are well positioned to take advantage of ongoing growth opportunities due to our strong regional relationships with major appliance manufacturers.

Wire harnesses are integral to a wide range of domestic appliances. We have significant experience in the manufacture of these products through the acquisitions of DEKA, in February 2021, and Prodamex, in January 2022, in addition to existing capability in Batam, Indonesia. These acquisitions provided us with the scale to provide a global wire harness offering for domestic appliances in addition to cross-selling opportunities.

Volex wire harness capability

- Global footprint allows us to support customer localisation initiatives
- Existing capability in North America, Europe and Asia
- Scale to achieve preferential pricing for standard connectors
- Strong relationships with global blue chip customers
- Opportunities to vertically integrate cable production

Volex is well positioned, with a range of capabilities that meet customers' complex requirements. We are an expert manufacturer of consumer cable harnesses and power products for the global domestic appliances market.

Highly regarded for state-of-the-art manufacturing facilities, and superb quality systems, Volex is consistently ranked as a top provider of custom consumer cable harnessing and power solutions.

Our wire harnesses offer outstanding reliability and performance with manufacturing services that cover the entire process, from analysing customer drawings and conducting feasibility tests, to bespoke manufacture throughout our regionally-based dedicated wire harness assembly and power products manufacturing facilities.

We also have the expertise to recommend performance-related modifications to enhance connectivity and durability, to giving a competitive edge to the global OEMs that we partner with.

3
facilities offering wire harnesses for domestic appliances

2
acquisitions in this space since FY2020

Contents

Our Markets

We are focused on critical markets that are vital to societal and technological advancement.

Why we focus on these markets

Electric Vehicles

With a continued focus to reduce the environmental impact of transport, and with rising fuel prices, demand for Electric Vehicles ("EVs") is flourishing. The growth in adoption of EVs is being supported by increased investment in charging infrastructure.

Partnerships with new customers allow for diversification of our customer base providing growth in both the short and long term. Further growth opportunities lie in public charging where Volex has a product range to suit consumer needs.

Volex is developing and innovating its product range and, along with increased capabilities and capacity, is able to meet the demands of current and new customers.

Adoption of EVs is prevalent in China, America and Europe, all of which are serviced by local sales teams. All our sites provide quality assurance throughout the manufacturing process with global safety approvals.

Consumer Electricals

The Consumer Electricals market has experienced a period of demand normalisation in FY2023 due to a number of macroeconomic factors, including geopolitics and pressure on consumer spending from higher energy costs. However, as appliance design evolves, smart technology becomes part of our everyday lives and connected devices gain in popularity, the market continues to develop.

As a world-class manufacturer of mains power cords, globally supplying to the biggest brands in the world, we have the expertise and manufacturing capacity to support future growth in the market.

By vertically integrating our production sites and further automating the manufacturing process, we are able to decrease the cost base and lead times for our customers.

Medical

The medical equipment market saw further growth in FY2023 as healthcare providers responded to the backlog of demand created by the Covid-19 pandemic. Future growth of the market is expected due to the ageing global population and healthcare providers focusing on early diagnosis and treatment.

The medical products we manufacture are complex, with specified bills of materials and must be manufactured in accredited sites. With our expertise in quality assurance and a global footprint, we are a trusted partner for medical manufacturers and OEMs and have built deep relationships with long-standing customers

From printed circuit board ("PCB") assembly to integrated manufacturing services, we are able to provide complete solutions to support customers as they advance the medical devices available to the market today and in the future. With the ability to automate production and recent investment in increased capacity, we can fulfil the market demand in a quick turnaround time.

Complex Industrial Technology

Complex Industrial Technology is an innovative market sector, experiencing growth where businesses are creating and delivering new technologies:

- The expansion in cloud computing, streaming and demand for ever-increasing cable speeds are driving growth in Data Centre markets.
- With rising geopolitical tensions, defence spending has hit its highest ever level.
- Robotics and automation are being developed to improve efficiency and reduce costs to give manufacturers a competitive advantage.

By spanning a diverse set of sub-markets, our team has the industry knowledge and experience to provide innovative solutions through processes that optimise efficiency and conform to industry standards.

Expansion through the acquisition of RDS has increased Volex's engineering capabilities in the sector and will allow for future cross-selling opportunities.

The ability to continue to grow organically is dependent upon being able to keep up with the rapidly changing technology. For Data Centres, development is underway for further 400Gbps products and 800Gbps products.

Our unique position and capabilities

Volex is well positioned to serve and engage with customers around the globe. We maintain production and distribution facilities across three continents in order to be a 'local partner' to customers, better supporting their global operational requirements and the trend towards localisation.

North America

Revenue

$339.8m

(FY2022: $272.1m)

With high investment by manufacturers and federal investment by the US government in Electric Vehicles and charging infrastructure, North America continues to be an important region for Electric Vehicles.

Our partnerships with industry-leading technology companies situated in America help to enable their push for technological advancement.

The US has the highest spending in the defence market in the world. We have long established relationships with our defence customers in the region where they require a trusted and experienced partner due to the nature of the work.

Europe

Revenue

$211.6m

(FY2022: $199.8m)

With the higher energy prices impacting consumer spending, demand for domestic appliances has slowed from the peaks seen during the pandemic.

The medical sector has seen an increase in demand, driven by increased access to hospitals and ongoing backlog following recent component shortages. As a highly regulated market, manufacturing must occur in accredited sites - our sites in Poland and Slovakia meet the requirements and are highly experienced in supporting the medical sector.

Asia

Revenue

$171.4m

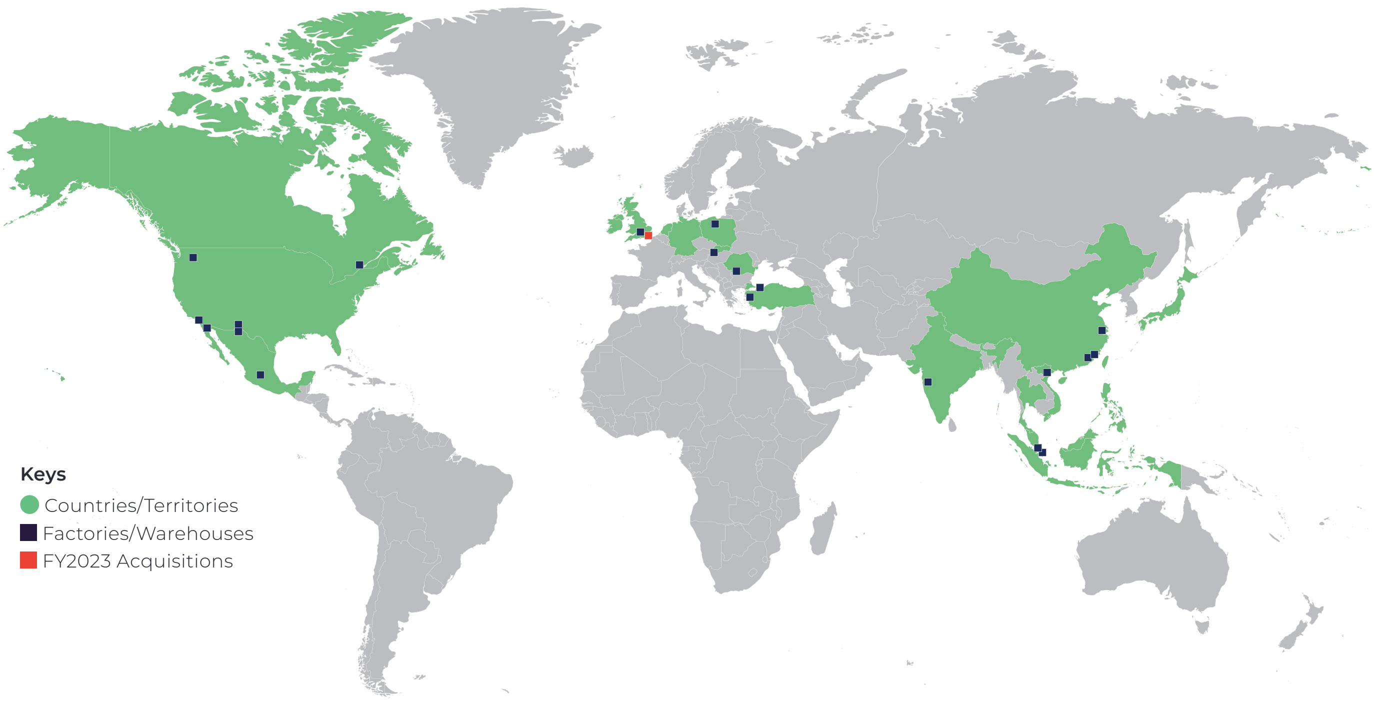
(FY2022: $142.7m)

The medical market in Asia includes multinational conglomerates which are increasing their presence in emerging markets such as India. We have invested in expansion to support increased customer demand, and have sites in close proximity where customers are localising their supply chain.

Asia is home to major consumer electrical manufacturers with whom we have deep regional relationships. Volex is positioned strongly, with integrated manufacturing and a range of capabilities that meet customer requirements and demand.

Read more about
our Performance Review on page 33 to 37

Strong geographical diversity across our Group



Our Markets
(continued)

Macroeconomic trends
Trends in our markets

By having a deep understanding of the sectors we operate in and strong relationships with our customers, we are able to respond to changes in macroeconomic trends. This allows us to provide cost-effective and innovative solutions to our customers.

Climate change

Relevant markets
All sectors

Market drivers
- Increasing emissions are driving governments, businesses, and consumers to reduce their environmental footprints.
- Environmental regulations and policies are driving the demand for electric vehicles. The rising popularity of EVs is driving demand for charging infrastructure, making it easier for consumers to charge their EVs while on the go.
- Environmental concerns, coupled with the rising cost of fuel and energy, are driving technological advancements in product efficiency.
- Energy security is incentivising countries to reduce their dependence on imported oil, which is a major driver of energy security concerns. Electric vehicles can help to reduce this dependence by using domestically produced electricity.

How we are responding to these trends
- With a global footprint, we are able to manufacture products in close proximity to customers, reducing a product's carbon footprint and supporting customers' localisation efforts.
- Through experienced engineers, Volex is able to develop new product offerings which are suitable for the climate conscious.
- Volex offers a growing portfolio of charging products for use with electric vehicles, from private AC home charging to public DC fast charging.
- The Group has adopted TCFD reporting in the current year and announced our aim to achieve net zero scope 1 and scope 2 emissions by FY2035.

Technological advancement

Relevant markets
Electric Vehicles and Complex Industrial Technology

Market drivers
- Technology is ever-evolving, this requires innovative solutions to cater for a whole spectrum of applications.
- To create and deliver new technologies, OEMs require a partner with the agility and capabilities to help them stay ahead of the technology curve.
- Robotics and automation systems are becoming increasingly sophisticated, therefore it is vital that manufacturers have a proven process for assembly.
- Data centres are expected to transition from 100Gbps high-speed cables to 400Gbps, 800Gbps and beyond - creating demand for ever-increasing data processing speeds.

How we are responding to these trends
- Strengthened our combined design and engineering capabilities in display solutions through the acquisition of RDS.
- A global team of engineers provide solutions that can speed up the design and creation of new products.
- Focus on Data Centre product development and investment in increased sales capability.
- Further investment has been made in research and development to drive product development programmes.

Globalisation

Relevant markets

All sectors

Market drivers

- A global market place of trade liberalisation and market integration is facilitating the desire for connectivity and ease of services between both customers and consumers.
- Global inflation and the cost-of-living crisis in the western world have in part caused a decrease in demand for consumer product power cords where there has been a reduction in global consumer spending.
- Supply chain issues in recent years are making manufacturers rethink their supplier structure and localise their supply chain.

How we are responding to these trends

- With a shift towards reshoring and near sourcing to prevent future supply chain delays, our global presence, customer proximity and resources allow us to get our products to our customers when and where they need them.
- Volex has sites across the globe which have experience in manufacturing products to meet specific safety approvals, ensuring the highest standards on all products.
- Through automation and vertical integration, we are a leading low-cost manufacturer.

Increasing and ageing population

Relevant markets

Medical

Market drivers

- Around the world life expectancy is increasing – in turn driving an increased requirement for equipment to treat and care for an ageing population.
- With a focus on early diagnosis and treatment, there is a need for innovative medical equipment to cater for the Medical sector.
- Innovation, such as robotic surgery, can improve patient outcomes, speed up procedures and remove bottlenecks in the provision of care.

How we are responding to these trends

- Volex has built relationships with medical customers and is relied upon to deliver products with market-leading quality.
- Our medical standard quality processes provide exceptional levels of traceability and quality assurance throughout the manufacturing process.
- Our global safety approvals mean we can be a trusted partner for medical manufacturers and OEMs.

Our Markets
(continued)

The interconnection of global and local needs

Our customers require flexibility and responsiveness, and we are driven to meet these ever-evolving needs by leveraging our global footprint through our integrated manufacturing, localised services and global sales teams.

Localisation of services

The drivers

Following recent disruption to supply chains, as well as emerging environmental and political considerations, customers are seeking localised manufacturing solutions to minimise risk and complexity, and reduce lead times.

As customers are looking to reduce supply chain complexity, this creates opportunities for Volex to leverage its extensive logistics and manufacturing footprint.

Our response

Our responsiveness towards customers' needs

Volex's diverse market capabilities and global manufacturing footprint has put us in a position of strength when responding to the disruption to supply chains and the macro environment during the year, allowing us to support our customers when and where they need us.

Having manufacturing facilities on three continents means that support is provided locally from our global sales and customer service teams to our diverse customer base. Our global presence is a differentiator from our competition.

Volex has the infrastructure to source components for customers' solutions using our global logistics team, minimising supply chain complexity for customers.

Having experienced sites across the world, we are able to move production of components to the site which suits the needs and requirements of our customers as they look to localise supply chains.

Our global manufacturing footprint

Production is allocated to Volex sites based on their strengths, customer proximity, and supply chain availability. We are experts in fulfilment and have the knowledge and resources to get our products to our customers when and where they need them.

The inYantra acquisition has allowed us to expand our presence in Asia and support our customer base in this region.

With operations in multiple countries, we are able to supply from tariff-free and lower tariff locations, helping to support our customers achieve cost-efficient solutions.

Integrated services and solutions

The drivers

Customers have an increasing need for efficiency, quality designs, and seamlessly executed projects, driving the need for integrated solutions and design capabilities.

Our products are used in sectors where there is no room for error and must meet certifications and approvals. Products for the aerospace, military, and space sectors must perform well right down to individual components; medical sector products must achieve product quality and compliance requirements in order to meet safety critical standards.

Serving a diverse customer base requires Volex to provide a range of products and services from manufacture and test of complex PCB assemblies all the way through to complete box builds.

Our response

Delivering quality

We are a world-class manufacturer of mains power cords, globally supplying to the biggest brands in the world. All our products are designed to meet specific customer requirements.

Cross-functional teams of experts work closely with customers to optimise programme delivery and implement the long-term strategy, helping customers realise the full potential of their products and designs.

Volex has sites across the globe which meet Medical accreditations, including MedAccred, reflecting the importance Volex places in ensuring production meets the highest quality standards and makes us a suitable partner to our Medical customers.

We have built long-term relationships with customers where they can rely on us to deliver high-quality products which meet their design requirements. By developing relationships over time, we have a deep understanding of how our customers operate and work with them to develop products which meet their end needs.

We are a vertically integrated business

As part of our vertical integration, we have developed and scaled up the cable extrusion operations of the business. In early FY2023, we completed the transfer of our Ta Hsing cable extrusion business to Suzhou.

Copper is a significant component in the product offering for Consumer Electricals and Electric Vehicles. By completing this process in-house, we are able to ensure the supply and quality needed for our customers as demand continues to grow.

By producing the power cable in-house, this simplifies the supply chain and enables us to limit our costs – allowing us to remain a cost leader in power cord manufacturing.

Value creation that makes a difference
Business model

Led by our purpose:
Delivering best-in-class critical connections.

That drives our mission:
To deliver safe, sustainable, high-quality critical power and connectivity-related solutions in our chosen markets. Enabling our customers to succeed in an era of rapid technological acceleration through our manufacturing excellence, global footprint and stringent quality testing.

Key resources

Engineering and design capabilities
Our world-class product and process engineering employees, with many years of experience in our markets, streamline the new product development process for customers and continuously optimise manufacturing. Our design teams identify and develop unique solutions to engineering challenges, allowing us to register several patents each year, with an increasing proportion of our sales dependent on Volex designs.

Remarkable talent
We have incredibly talented teams, who are focused on exceeding our customers' expectations. With decentralised decision-making, local management implement plans to optimise performance within our production facilities. Our management team has a deep understanding of our business and how we can best support our customers, helping us define the optimal strategy for our organisation.

Globalised business
Our global brand is renowned for quality and reliability. We have a global manufacturing base and international sales team, allowing us to operate on a cost-efficient basis with local support for our customers and to utilise our global footprint to maximise cross-sell opportunities. We are able to leverage our global supply chain scale to secure favourable pricing for the components our customers require.

Market expertise
As a trusted long-standing manufacturing partner to global blue-chip customers, we have significant expertise in the complex requirements of our markets. These long-term relationships are a testament to our exceptional customer service and the value customers place on our deep market knowledge.

Our financial model

Profitable growth
We are well positioned in growing, sustainable and fragmented markets.

This is driving expansion in attractive markets that maintain robust margins and allow opportunities to increase market share.

Consistent operating margins
- Margins in our target range of 9-10% since FY2021
- Margins maintained despite significant inflation
- Vertical integration and continuous process improvements benefit margins

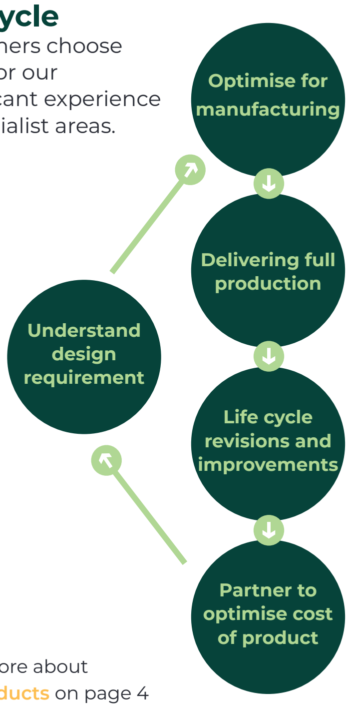
Disciplined capital allocation approach
Investment and innovation
- Capital expenditure focused on high-growth areas
- Majority of capital expenditure investments deliver cash payback within two years
- Investment in innovation results in incremental customer projects

Successful acquisitive approach
- Targeted approach to acquire quality businesses at attractive valuations
- Enhances our capabilities and grows our customer base

Enhanced shareholder value
- Sustainable through-cycle dividend
- Surplus capital returned to shareholders

Our operating model

Supporting customers through the project life cycle
Customers choose Volex for our significant experience in specialist areas.



Read more about our Products on page 4

Enhancing stakeholder value including positive societal impact

Acting responsibly
We continuously monitor and improve our business practices to demonstrate our credentials as a sustainable, responsible and trusted business.

UN SDGs

Where every moment matters:

We create impact that provides value and positive societal benefits.

Leading practices

Diverse range of manufacturing capabilities

Read more about our Integrated Services and Solutions on page 21

Best-in-class processes and quality assurance

Read more about our Operational Excellence on page 26

Optimised from a cost and tariff perspective

Read more about Optimised Cost and Tariffs on page 6

We publish performance data through trusted disclosure platforms to provide our stakeholders with independent assurance.

Sustainability ratings

CDP DRIVING SUSTAINABLE ECONOMIES

ecovadis

Value generated

Shareholders

The five-year plan the Group launched in FY2019 was delivered a year early. Last year saw the launch of a new ambitious five-year plan to deliver profitable growth, organically and through acquisitions, with the aim of increasing enterprise value.

Customers

Our global customer service representatives build long-term relationships with our customers and support their growth. Our global footprint and leading practices ensure we can deliver quality products where and when the customer requires them.

Employees

We invest in our people and their development; through offering employees challenging and exciting roles with competitive remuneration and reward. We actively promote from within and many of our managers have progressed through the organisation, including three of our regional chief operating officers, who were promoted in April 2022.

Societal impact and benefits

Electric Vehicles

Electric vehicles reduce pollution and dependence on fossil fuels. This leads to lower costs compared to a traditional motor vehicle and promotes sustainability. The expansion of this sector has also led to the creation of additional jobs.

Read more about Electric Vehicles on page 16

Consumer Electricals

Consumer technology can improve communication, increase access to information, and enhance quality of life, providing new opportunities for education, work, and leisure. This contributes to a more connected, informed and empowered society.

Read more about Consumer Electricals on page 16

Medical

Advances in medical equipment improve patient outcomes, reduce costs, and enhance quality of life through earlier, more accurate diagnosis and efficient care delivery.

Read more about Medical on page 16

Complex Industrial Technology

Technologies increase efficiency, reduce waste, boost economic growth, and create new jobs, leading to improved standard of living, quality of life, and sustainability. For example, smart meters help to reduce energy consumption and therefore lower costs.

Read more about Complex Industrial Technology on page 16

Strategy

Our strategic aim

As a diverse and resilient business, our aim is to continue to maximise value for all our stakeholders in the years to come by combining manufacturing capability and engineering expertise. We have a proven track record of delivering growth in operating margins and revenues arising from our commitment to a culture of continuous improvement. Our focus on maximising profitability and cash generation allows us to invest in expanding our capabilities and pursuing our strategy of acquiring excellent businesses that will deliver increased shareholder value.

What we have delivered

Our 2019 five-year plan:

In FY2023 we exceeded the five-year target we set out in FY2019 to achieve revenue of $650 million and operating profit of $65 million, a year ahead of the original FY2024 target. Anticipating delivering these targets in FY2023, last year we set out our new ambition to deliver revenue of $1.2 billion by the end of FY2027 with underlying operating margins in the range of 9-10%.

Strong performance in FY2023:

The investments made in the prior year have driven the growth in the business, with organic revenues up 11.4%. This growth rate puts us comfortably on track to deliver the five-year plan. We have invested further capital in PCB assembly capability and in the high growth areas of our business, as well as continuing our investment into research and development which will fuel the growth of the business going forwards.

Year-on-year revenue growth

17.6%

Underlying operating margin

9.3%

Return on capital employed

20.3%

Investment in property, plant and equipment

$15.6m

What we are doing

Our quality management team makes us an attractive investment

With management owning over 25% of the Company's shares, we have excellent alignment between our shareholder priorities and senior management actions. Volex's management team is deeply committed to building a successful and growing business for our shareholders. We believe that Volex's long-term prospects are excellent, with organic opportunities and a healthy acquisition pipeline.

Fragmented markets

We operate in highly fragmented markets that offer opportunities to take market share both organically and through acquisition. Our deep understanding of where we can deliver value in our chosen areas, and our global footprint, provides us with a competitive advantage over other companies operating within the same spaces.

Investing for our future

In line with our capital allocation policy, we have continued to invest capital expenditure in our business to support our growth. This has been focused on improving the capabilities in the Group, specifically PCB assembly capability and in our high growth markets, including Electric Vehicles and Data Centre products.

Our strategic approach is designed to achieve consistent growth and maximise margins, resulting in strong free cash flows that can be used to fund further investment and acquisitions. We are proud to have a dedicated team that is passionate about delivering long-term growth for all our stakeholders.

We are leveraging our global footprint

The disruption caused by the pandemic has created a megatrend toward localisation. Customers are simplifying complex supply chains and we are well positioned to benefit from this due to our unique global footprint. To support our customers, as well as our growth ambitions, we have expansion plans in a number of locations. In FY2024 our Poland factory is due to relocate to a larger facility, while additional space is being leased in Tijuana and we are constructing larger facilities in Indonesia and India.

Our acquisition strategy

Acquiring and integrating excellent businesses into Volex is an important part of our growth strategy.

What we look for in an acquisition

- Strong customer relationships
- Additional capabilities
- Attractive markets
- Strong cultural fit
- Attractive valuation

Customers | Capabilities | Location | Culture

Where we are heading

1.

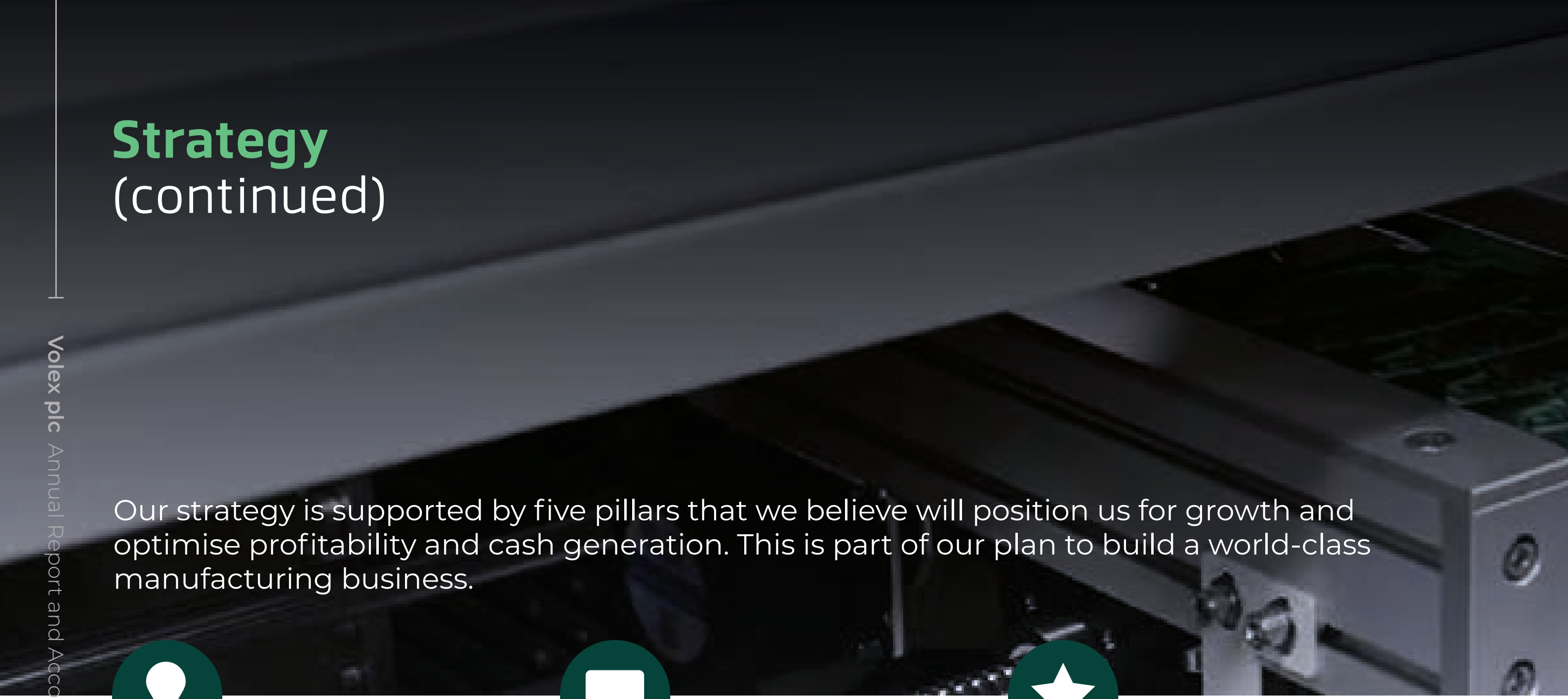
We are one year into the ambitious five-year plan that was announced last year and are comfortably on track, having delivered revenue of $723 million and underlying operating margins of 9.3%.

2.

Our five-year plan set out our ambition to achieve revenues of $1.2 billion by the end of FY2027 with new acquisitions contributing around $200 million to this target. As part of our five-year plan we will deliver a blended underlying operating margin in the range of 9–10%.

To achieve this ambition, we are:

- Focusing on high-growth opportunities, particularly Electric Vehicles and Data Centre customers
- Optimising the sales organisation
- Investing in expanding capacity and capabilities
- Investing in research and development, vertical integration and efficiencies
- Identify, complete, and integrate strategic acquisition targets



Strategy
(continued)

Our strategy is supported by five pillars that we believe will position us for growth and optimise profitability and cash generation. This is part of our plan to build a world-class manufacturing business.

Product development

What this means

We are known for the quality of our products, and we partner with customers from design to delivery. Our process engineers provide solutions to manufacturing challenges by understanding complex requirements early in the design process. Our research and development teams are constantly innovating to develop products for the next generation of technologies in our fast-moving markets. An increasing number of the products that we sell include Volex-designed elements.

Strategy in action

We have obtained customer approvals for our 400-Gigabit per second data centre cables, and we expect sales of these products to increase next fiscal year. As this technology rapidly advances, we are developing 800-Gigabit per second high-speed data centre cables that will improve cloud computing even further.

Future priorities

Our research and development teams are concentrated on future developments in our Electric Vehicles and Data Centre markets. In the Electric Vehicles space we focus on developments in charging to ensure that we continue to have an expanding and market-leading product set. The high-speed Data Centre market continues to develop rapidly and our technical partnerships assist us in enhancing the range of solutions available.

Link to KPIs

A C G

Link to Risks

2 8 9 10 13

Revenue growth

What this means

The customer is at the heart of everything that we do. Strong, regular and transparent customer communications have been fundamental to maintaining excellent service and responsiveness in the face of continuing supply chain challenges.

We develop a comprehensive understanding of our customers' operations. We recognise the importance of being responsive at every stage of the customer journey, identifying where we can deliver further value through additional solutions. This approach deepens our relationships with existing customers and drives the growth of the business.

Strategy in action

The deep relationships we have with our existing customers have enabled us to partner with them to deliver new projects during the year, alongside developing relationships with new customers we have onboarded. Overall revenue growth in FY2023 was 17.6%.

Future priorities

We will continue to develop and enhance our sales team to ensure we have a deep understanding of our customers and we can identify opportunities where we can support them. We are investing in marketing and customer communications programmes to showcase our expanding capabilities.

Link to KPIs

A B D

Link to Risks

2 3 4 8 9

Operational excellence

What this means

Our culture of continuous improvement is embedded in all levels of the organisation, both on the production floor and within the support functions. We never stop in our pursuit of efficiency savings and process improvements. Our focus is on creating a best-in-class organisation that is capable of leveraging its global footprint and scale to optimise production and create value for our stakeholders.

Local managers are supported by senior leaders to deliver positive change throughout the organisation.

Strategy in action

We have delivered a number of operational improvement projects during the year. These include improving and expanding our Printed Circuit Board assembly capabilities in North America. Underpinning the operational improvements we make is the kaizen culture we foster throughout the Group with hundreds of improvement ideas implemented during the year.

Future priorities

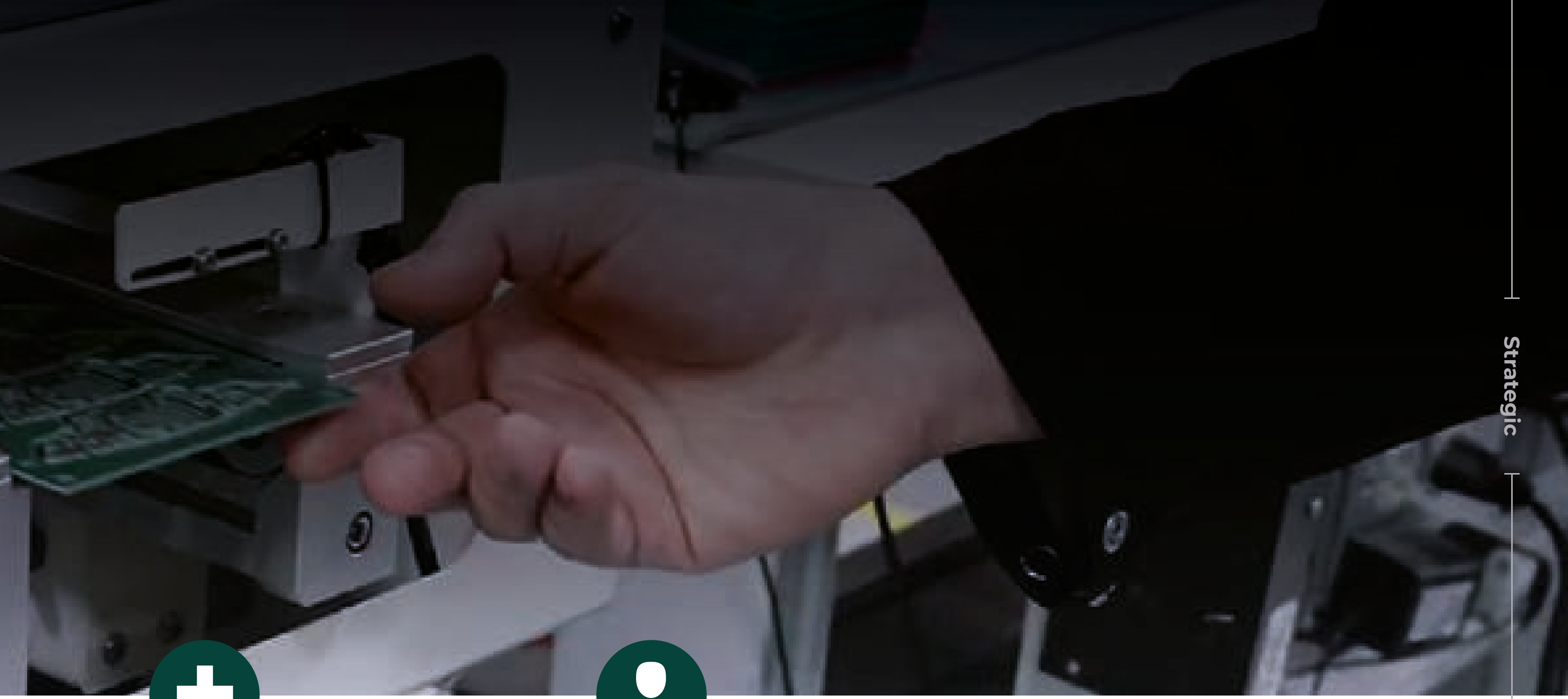
We have worked at a site level to identify numerous optimisation opportunities which can improve our cost of manufacturing and enhance our standards of quality and safety. These will form a central pillar of our capital expenditure in FY2024.

Link to KPIs

B D E

Link to Risks

4 5 7 12 14



Investment and acquisition

What this means

Our capital allocation policy places huge importance on investing organically in capital expenditure and through acquisitions. Our strong balance sheet and access to funding enables us to continually invest for growth. We have an agile approach to acquisitions and a strong network among Volex senior management.

We have significant investment opportunities in our existing business that will deliver good cash returns, with many of our capital investment programmes achieving cash payback within two years.

Strategy in action

In FY2023 we have invested total gross capital expenditure of $27.0 million,, particularly in growth areas such as to support our progress in Electric Vehicles and for Data Centre products as well as increased PCB assembly capability in North America.

We have also completed the acquisition of RDS in the period which complements our existing UK business with a focus on display systems.

Future priorities

We continue to have a varied and interesting pipeline of opportunities which are at various stages in the acquisition process.

In line with previous years, we have undertaken a comprehensive review of our future requirements to create a capital investment plan for FY2024 which will support our growth; this includes several expansion projects.

Link to KPIs

A B H

Link to Risks

1 11

Remarkable talent

What this means

Our talented senior management team are aligned around a clear set of goals with a clarity of focus and a shared purpose. This complements our culture that underpins the way we operate. Our incredibly talented teams are focused on delivering excellent value for our stakeholders.

Strategy in action

We have aligned our leadership structure on a regional basis, with four regional chief operating officers leading their respective areas. We have advanced the health and safety agenda, while retaining our focus on keeping Covid-19 out of our factories. Our strengthened performance management processes are improving the alignment of objectives and ensuring better calibration of expectations. Combined, these support our teams to deliver ambitious transformation activity throughout the organisation.

Our site excellence awards programme is helping our sites focus on delivering exceptional performance by recognising and celebrating excellence across the Group.

Future priorities

Our talented teams are encouraged to design and implement incremental improvements, providing development opportunities and additional responsibilities. We continue to invest in our strong performers as well as supporting a series of local initiatives to improve our facilities and ensuring we deliver a competitive reward structure.

Link to KPIs

C F H

Link to Risks

6

Key to KPIs

- A Annual revenue change
- B Underlying operating profit
- C Return on capital employed
- D Underlying free cash flow
- E Underlying basic EPS
- F Employee safety
- G Scope 1 and 2 carbon emissions
- H Carbon intensity

Key to Risks

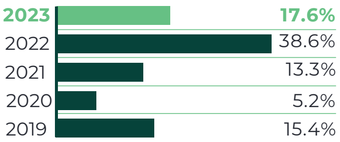
- 1 Acquisition integration
- 2 Market competition
- 3 Customer concentration
- 4 Global economic conditions
- 5 Supply chain
- 6 Staffing and people
- 7 IT and cybersecurity
- 8 Product quality
- 9 Technological change
- 10 Climate and environment
- 11 Access to finance
- 12 Commodity prices and FX rates
- 13 Regulatory compliance
- 14 Financial controls

Key Performance Indicators

We use a range of metrics, reported periodically, against which we measure Group performance. These metrics are aligned to our strategic priorities and to the key risks of the business.

Financial KPIs

A Annual revenue change (%)



Definition
Change in reported revenue compared to the previous year.

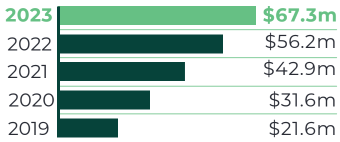
Relevance
Through consistent customer service and the right sales mix we aim to drive higher revenue.

Performance
Revenue growth was achieved through project wins with new and existing customers and through leveraging the Group's global footprint.

Link to Strategy

Link to Risks
2 3 4 8 9

B Underlying operating profit ($m)



Definition
Operating profit before adjusting items and share-based payment expense.

Relevance
Optimising profitability is central to our strategy. This is realised through a robust pricing strategy and efficiency programmes.

Performance
Profit has grown in the year whilst maintaining margins within target range. The Group has managed inflationary cost challenges and demonstrated strong competitive positioning.

Link to Strategy

Link to Risks
1 4 5 12

C Return on capital employed (%)

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

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

Performance
As the Group has grown, this measure has declined as acquisitions have a temporary adverse effect as we integrate them into the Volex way of working.

Link to Strategy

Link to Risks
1 5 7 14

D Underlying free cash flow ($m)

Definition
Underlying free cash flow is the net cash flow before financing activities and excluding costs of acquisitions, adjusting items and share-based payments.

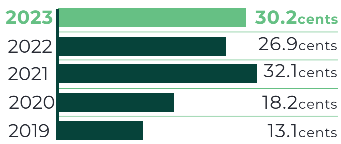
Relevance
We aim to maximise cash generation to fund further acquisitions and support the growth of the business.

Performance
Cash flow has benefited from the underlying profitability of the business and acquisitions. Working capital levels are starting to improve as supply chain disruption eases.

Link to Strategy

Link to Risks
1 8 11

E Underlying basic EPS (cents)



Definition
Basic earnings per share adjusted for the impacts of adjusting items and share-based payment expense, net of tax.

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

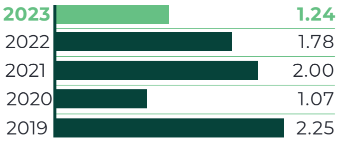
Performance
The expansion of the business organically and through acquisition in strong growth markets have improved EPS.

Link to Strategy

Link to Risks
1 8

Non-Financial KPIs

F Employee safety (accident frequency rate)



Definition
Reportable accidents (a lost time accident resulting in more than one day of time loss) per million hours worked.

Relevance
Ensuring the safety of our workforce is our first priority. We ensure that every site takes safety seriously to deliver a healthy and safe working environment.

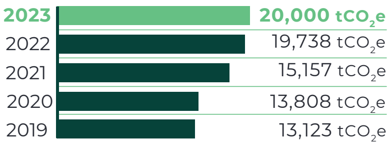
Performance
Accident rates have reduced with significant improvements made at our two plants in Turkey. Additional resources and investment have been made to make our plants safer.

Link to Strategy

Link to Risks

6 13

G Scope 1 and 2 carbon emissions (tCO_2e)



Definition
Total amount of carbon dioxide equivalent tonnes (tCO_2e) of scope 1 and 2 emissions.

Relevance
We are committed to reducing our carbon emissions associated with our operations.

Performance
The increase is due to the Group expanding, but implementation of energy efficient processes and operations have limited the increase in emissions.

Link to Strategy

Link to Risks

10

H Carbon intensity

Definition
Carbon dioxide equivalent tonnes (tCO_2e) of scope 1 and 2 emissions per mUSD revenue.

Relevance
Intensity ratio of emissions in tonnes of CO_2e per mUSD revenue is a common business metric for our industry sector.

Performance
As levels of revenue have grown, we have successfully controlled the increase in our carbon emissions by switching to renewable energy and on-site solar. The more energy intensive Ta Hsing plant was closed during the year.

Link to Strategy

Link to Risks

10

Key to Risks

1 Acquisition integration
2 Market competition
3 Customer concentration
4 Global economic conditions
5 Supply chain
6 Staffing and people
7 IT and cybersecurity
8 Product quality
9 Technological change
10 Climate and environment
11 Access to finance
12 Commodity prices and FX rates
13 Regulatory compliance
14 Financial controls

Key to Strategy

- Product development
- Revenue growth
- Operational excellence
- Investment and acquisition
- Remarkable talent

Operational Review

Nathaniel Rothschild
Executive Chairman

John Molloy
Chief Operating Officer

Q

How has the business dealt with inflation?

A

It is essential to us that we offer all our customers great value, so we are very focused on delivering a competitive product. In the current inflationary environment, unfortunately, it is impossible not to pass some of our higher input costs through to our customers. Where we can, we work in partnership with our customers to optimise their products and we constantly seek ways to make our manufacturing processes more efficient.

Q

What gives you confidence that you can deliver growth?

A

We have selected our markets because we understand them well and see opportunities for profitable growth. There are significant structural growth drivers, for example, the rapid adoption of electric vehicle technology, or advances in medical technology facilitating innovative treatments for an ageing population. In the Consumer Electricals sector, our opportunity to grow comes from our focus on competitiveness making us a leader on price in this space, allowing us to enhance existing relationships and bring in more customers.

Read more about our Strategy on pages 24 to 27

Q

How do you decide where to invest?

A

Our philosophy is to find investments that provide certainty but still generate high returns. We reduce the risk through our deep understanding of our markets and customers. When we invest in capacity or technology, it is with a high degree of confidence that we will utilise this in the short term with identified customer demand. We achieve a cash return on most of our investments in equipment and infrastructure within two years from the time production begins.

Q

What determines capital allocation between organic and inorganic opportunities?

A

We have a roadmap of internal investment projects and a rich pipeline of acquisition opportunities. We built our five-year strategic plan based on our view of how our different markets will evolve over the medium term. This informs a number of the decisions around sequencing as we track towards achieving our goal of $1.2 billion of revenue by the end of FY2027. $200 million of this target will come from acquisitions.

Q

Do the customer relationships that Volex have give the business any pricing power?

A

Our customers are large, highly sophisticated organisations that want a trusted partner who can deliver a reliable manufacturing solution. They demand excellent quality, competitiveness and service. We are in a strong position because we are vertically integrated with significant supply chain scale. This allows us to provide great value to our customers alongside sensible margins.

Q

What are the points of differentiation with your competitors?

A

Our competitive edge comes from our proven track record in delivering innovative solutions to our customers, particularly where their requirements are complex. We recognise that quality and safety are critical. That is why we offer the highest standards in quality assurance, underpinned by our comprehensive testing and inspection processes.

Q

How are you generating your own products?

A

We have a tremendous amount of engineering expertise in our organisation, particularly in the safe delivery of advanced power products and high-speed data centre cables. Many of our customers are looking to us to deliver solutions using our knowledge in these areas. We are making targeted investments in research and development as well as creating a suite of products to meet different technical requirements. As manufacturing specialists, everything we create is optimised for efficient production, creating cost advantages.

Q

How does Volex approach the integration of acquired businesses?

A

We buy businesses that we understand in markets that we are familiar with. This means we go into every acquisition with a clear vision of how we will deliver a successful integration. We go to great lengths to provide a smooth transition for customers and employees. This involves establishing an effective working relationship with the new management team, providing support in implementing the Volex strategy, and ensuring that the customer base remains loyal.

Operational Review
(continued)

Read more about Our Suppliers on page 75

Q

Are supply chain challenges over?

A

The issues related to material shortages have improved significantly. The experience has had a profound effect on the way that all supply chains operate, and which will inform our sourcing strategy going forward. It demonstrated the strength of our customer relationships and also the capabilities of our supply chain team, who were consistently excellent in how they dealt with a complex and dynamic situation.

It is clear that the dislocation in supply chains that we all experienced has created an opportunity for Volex. With 19 manufacturing sites around the world, we are well suited to support customers who want to localise production and reduce their exposure to future disruption.

Q

How does Volex develop its strategy?

A

At the most fundamental level, Volex is driven by one goal: to help our customers succeed. This means that we must constantly examine how we can create value for them and how they are changing in response to the world around them. We do this through two distinct methods: listening to customers and thinking strategically. By shaping the way we work around the requirements of our customers, we maximise our ability to grow.

Q

How do you operate the business effectively across so many locations?

A

We operate our business at a manufacturing facility level, each led by an experienced manager who is responsible for delivering efficiently and solving challenges as they arise. This structure enables us to maximise productivity while ensuring that we stay aligned with the needs of our customers. Support and oversight is delivered both at a regional and a Group level. Collaboration is key, allowing us to share and build on each other's ideas.

Q

How do you see the global footprint developing in the future?

A

We continue to expand our international operations, based on customer needs. Our customers are increasingly global in nature, so we need to have facilities located in key markets around the world. We have ambitious plans for additional innovation and growth in our existing sites as well as new locations. We have recently expanded into India, and we are excited about the opportunities this market provides. This was in direct response to customer feedback.

Performance Review

Overview

The Group has delivered strong revenue growth and excellent profitability, in line with the five-year plan. In a high-inflation environment the diverse and resilient business performed strongly, managing operational complexity while improving profitability. Though the impact of government restrictions and lockdowns related to Covid-19 remained at relatively low levels throughout the year, market dislocation complicated supply chains, resulting in increased prices and longer lead times across multiple components. Lead times are stabilising and incidences of component shortages have decreased compared to FY2022.

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

Despite gaining market share, organic revenue in our Consumer Electricals business was marginally lower year-on-year, principally as a result of reduced prices for copper and PVC, the costs of which are passed through to customers.

Trading performance overview

The Group generated revenue of $722.8 million (FY2022: $614.6 million). This included organic revenue growth of 11.4%, the contribution from the newly-acquired RDS business and the full year effect of our FY2022 acquisitions. Organic revenue growth included 33% in Electric Vehicles, as well as 16% in Medical and 19% in Complex Industrial Technology.

Consumer Electricals volumes were broadly flat with PVC and copper price deflation resulting in a small organic revenue reduction of 3%.

Underlying operating profit increased by 20% to $67.3 million (FY2022: $56.2 million), driven by organic revenue growth and acquisitions. Statutory operating profit was $53.8 million (FY2022: $41.0 million), including adjusting items and share-based payments of $13.5 million (FY2022: $15.2 million).

The underlying operating margin was 9.3%, an improvement on the 9.1% achieved in the prior year. The margin benefited from higher volumes, increased pricing, strong cost controls and vertical integration efficiencies, partially offset by the impact of the sales mix. Achieving this improvement despite the macro-headwinds and inflationary pressures in the second half of the year demonstrates the resilience of the business.

With strong free cash flow generation, after capital investment, dividend payments and acquisitions spend of approximately $45 million, net debt was $76.4 million at 2 April 2023 (3 April 2022: $74.4 million), excluding $27.3 million (3 April 2022: $20.9 million) of operating lease liabilities. The covenant net debt/adjusted EBITDA ratio was 1.0 times Y2022: 1.2 times) well below the covenant limit of 2.75 times

Impact of the macroeconomic backdrop

Volex continues to be 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, overcoming disruption to global supply chains, the challenges posed by Covid-19 and the war in Ukraine.

It has been a year of volatile inflation, with large cost increases over several components, while PVC and copper, the principal constituents of power cords, have experienced significant deflation. Contracts with power cord customers, where copper is a significant percentage of our bill of materials, allow for the pass-through of changes in cost to the customer, although there can be a short lag in the implementation of pricing changes. Lower levels of cost pass-through, compared to the high levels experienced in the prior year, resulted in reduced revenue in our Consumer Electricals sector.

Other price inflation is passed on to 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, although inventory levels have eased slightly as the supply chain disruption has shown signs of improvement, but lead times remain higher than historical levels.

Government restrictions relating to the Covid-19 pandemic have remained at low levels in FY2023, although there have been instances of local and national lockdowns in Asia which have had some limited and temporary impacts on trade. We did not experience any significant downtime at our sites in FY2023 and we continue to adhere to stringent health and safety measures across the business.

Our direct operational exposure to Russia and Ukraine is minimal. We have no facilities or employees in either country and have no significant dependency on direct supplies of components or materials from either Russia or Ukraine.

Revenue by customer sector

Electric Vehicles

The electric vehicle industry is expected to continue its rapid expansion as consumer uptake increases, assisted by legislation encouraging adoption. 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 EV charging, we have expanded 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 is important as competition increases.

Read more about Macroeconomic-trends on pages 18 to 19

Performance Review
(continued)

Organic revenue from our Electric Vehicles customers increased year-on-year by 33% to $138.3 million (FY2022: $104.2 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 successfully continued to expand our product offerings and customer base in line with our strategy in this space.

Consumer Electricals

Consumer Electricals revenue was marginally lower in FY2023 at $261.8 million (FY2022: $262.4 million). Our revenue benefited from a full year of revenues from Prodamex, which was acquired in FY2022, as well as the consumer portion of inYantra revenue. On an organic basis, revenue for this sector declined by 3%, with the war in Ukraine adversely impacting the consumer electricals market in Europe, along with the impact of high inflation in the Western world reducing consumer spend. Two of the most significant components in our power cords, copper and PVC, have reduced in price during the year, allowing us to pass on lower costs to customers and reducing revenue. Volumes are broadly flat year-on-year.

Trends towards increased localisation 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, using our global domestic appliance presence.

Medical

The demand levels in the Medical sector remained strong throughout the year, driven by backlogs which had built up through the Covid-19 pandemic. Consequently, Medical revenues were up 16% on an organic basis at $145.0 million (FY2022: $128.3 million). This sector also benefited from the acquisition of RDS at the end of October and the remainder of the first 12 months revenue from our acquisition of Irvine in FY2022.

There remains a global backlog in medical procedures following the pressures on healthcare systems that arose during the pandemic, which should mean that medium-term demand for medical technology continues to be elevated. 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 organically by 19% to $177.7 million (FY2022: $119.7 million). Total revenue includes five months of post-acquisition revenue from RDS and the full year effect from the FY2022 acquisitions. Excluding Data Centre customers, revenues were 18% 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. Component availability has begun to improve in FY2023 as supply chain pressures decrease.

Data Centre customers are reported within Complex Industrial Technology and represented 21.2% (FY2022: 26.2%) of revenue in this sector. The revenue in this sub-sector grew by 20% year-on-year, partly as a result of destocking in the prior year in preparation for the transition to the new 400 gigabit-per-second cables. There continued to be shortages of the new network equipment needed to support the adoption of 400 gigabit-per-second architecture in data centres, which impacted sales in the first half of the year. However, demand increased in the second half of the year as the network equipment situation improved.

Revenue by reportable segment

Volex is a diverse and resilient business with a global footprint. There is an increasing and accelerating requirement from customers 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 therefore analyse our customer revenue geographically on this basis. 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 47.0% of Group revenue (FY2022: 44.3%). Revenue grew by 24.9% to $339.8 million (FY2022: $272.1 million). This reflects some of the strong organic growth we experienced with our Electric Vehicles customers, as well as the annualised impact from the acquisitions of Irvine, Prodamex and TC part-way through FY2022.

Asia

Asia makes up 23.7% of Group revenue (FY2022: 23.2%). Asia revenue increased by 20.1% to $171.4 million (FY2022: $142.7 million) with the majority of revenue in the Consumer Electricals sector. The increase is largely as a result of the acquisition of inYantra at the end of FY2022, which has been partially offset by lower copper prices.

Europe

Europe makes up 29.3% of Group revenue (FY2022: 32.5%). Revenue in Europe increased by 5.9% to $211.6 million (FY2022: $199.8 million) driven by an increased demand for Electric Vehicles offset by a moderate decrease in European domestic appliances sales as a result of the impact of the war in Ukraine on energy prices and consumer spending appetite.

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.

Customers are at the heart of what we do and we pride ourselves on our regular and transparent communication with them. 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. Our continued investment in vertical integration gives us greater control over the supply chain and protecting margins. The customer service we provide drives organic revenue growth as customers are onboarded and increase our allocation of their products.

Delivering excellent customer service and improving processes requires great people. We have strengthened the organisation by bringing in talented leaders, 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.

Acquisitions are another key pillar of our strategic plan and 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 yet available for sale. We have successfully deployed over $210 million on 11 strategic acquisitions over the last five years, which has contributed to expanding our product offering, improving our international manufacturing footprint, and are accretive to earnings and margin.

Creating value through organic investment

Over the past few years, we have increased the focus on organic investment in the business. Building on our track record of creating value, we focus on growth areas, while employing stringent financial criteria. Payback on these investments is 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 to enable our future growth.

Total gross capital investment increased to $27.0 million (FY2022: $15.0 million), amounting to 3.7% of revenue (FY2022: 2.4% of revenue). This spend includes $8.7m of assets which were purchased under lease agreements. Capital investment in the year was slightly lower than planned, as extended lead times meant that some investment was deferred into FY2024. In the year, investment was focused on high-growth areas, including EV and data centre capabilities, as well as surface mount technology, consistent with our strategy, and the first phase of the new global ERP system. We have expanded our capabilities in printed circuit board assembly and are now able to deliver this from our site in Tijuana. We expect our investment to increase in FY2024, 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 continue to enhance our research and development teams through FY2024.

Performance Review
(continued)

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 off-market transactions, as well as those being run in a process. All opportunities are qualified and discussed by an investment committee before we progress to negotiation. In an environment where factors outside of managements control (such as Covid-19) 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 11 businesses in the last five 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 will continue to actively pursue 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 FY2023 we successfully completed the acquisition of Review Display Systems Limited ('RDS') for total consideration of up to $8.9m, of which $5.5 million has been settled in cash, paying an Enterprise Value/EBITDA multiple of 3.7 times, which demonstrates our continued ability to acquire quality businesses at attractive valuations. RDS contributed revenues of $5.7 million to the Group in FY2023.

RDS offers a complete turnkey service for the design and manufacture of industrial electronic display, embedded and Internet of Things ('IoT') enabled systems. Alongside this, the business is focused on the design-in and specialist technical distribution of electronic displays, touchscreens, embedded intelligence and wireless mesh networking solutions and IoT system solutions. RDS will combine with and complement GTK, our successful and growing UK-based subsidiary.

Sustainability

We have continued to develop our approach to conducting business in a sustainable way. It is vitally important to our business, customers, employees, the communities we operate in and our shareholders. During the year we have designed standardised sustainability performance metrics and implemented a Group-wide sustainability reporting platform. 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.

Our enhanced focus on sustainability will lead to a significant number of improvement activities happening in all of our sites and it will be exciting to see the cumulative impact of these improvements on our Group's overall performance.

11.4%
Organic revenue growth

19%
Of Group revenue from Electric Vehicles

1
Acquisition completed in FY2023

33%
Growth in Electric Vehicles revenue

19
Production facilities

$15.6m
investment in property, plant and equipment

Financial Review

> **Our financial performance has again been excellent, with margins maintained above 9% in this continued high inflation environment.**

Jon Boaden
Chief Financial Officer

Summary of financial results

$ million (unless otherwise stated)	52 weeks ended 2 April 2023	52 weeks ended 3 April 2022
Revenue	**722.8**	614.6
Gross profit	**157.0**	125.8
Gross margin	**21.7%**	20.5%
Underlying operating profit*	**67.3**	56.2
Underlying operating margin*	**9.3%**	9.1%
Statutory operating profit	**53.8**	41.0
Net finance cost	**(9.1)**	(5.2)
Underlying tax charge*	**(10.7)**	(9.1)
Underlying profit before tax*	**59.3**	51.4
Statutory profit before tax	**45.8**	36.2
Underlying diluted EPS*	**28.8c**	25.2c

* Before adjusting items and share-based payment charges.

Statutory results

Revenue grew 17.6% to $722.8 million (FY2022: $614.6 million). Statutory operating profit increased by $12.8 million to $53.8 million (FY2022: $41.0 million) which is an increase of 31.2% compared to the prior year. Net finance costs were $9.1 million (FY2022: $5.2 million), resulting in a profit before tax of $45.8 million (FY2022: $36.2 million) which is an increase of 26.5%. There was a tax charge for the year of $8.4 million (FY2022: $5.8 million). Basic earnings per share were 23.2 cents (FY2022: 19.3 cents), an increase of 20.2%.

Read more about our Financial Model on page 22

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'). Alternative performance measures are set out in the supplementary information on pages 188 to 189. Underlying earnings measures exclude the impact of adjusting items and share-based payments, with further detail regarding the adjustments shown in note 4 in the notes to the financial statements. The Board and management team make use of alternative performance measures because they believe they provide additional information on the underlying performance of the business and help to make meaningful year-on-year comparisons.

Group revenue

Group revenue increased by 17.6% to $722.8 million (FY2022: $614.6 million) driven by strong organic growth from customer demand, project wins with both new and existing customers and the contribution from acquisitions. With the US dollar strengthening during FY2023, sales in currencies other than US dollars resulted in a foreign exchange loss of approximately 3.4%. Group organic revenue growth was 11.4%, of which the majority was driven by volumetric growth of approximately 8.1%, and approximately 2.6% from inflation-related price increases.

Organic revenue from the fast-growing Electric Vehicles sector was particularly strong, increasing 32.9% to $138.3 million (FY2022: $104.2 million), as we diversified our product offering. Demand in the Consumer Electricals sector fell in FY23 with organic decline of 3.2%, the main cause of which was the deflation in the cost of the key commodities copper and PVC where price decreases were passed on to customers. Additionally, there was a fall in demand in the second half of FY2023 for consumer product power cords due to moderation in global consumer spending power driven by macroeconomic factors. Overall Consumer Electricals revenue was broadly flat at $261.8 million (FY2022: $262.4 million). Our Medical revenue saw growth in FY2023 driven by the continued backlogs built up during the Covid-19 pandemic and the acquisition of RDS during the year. Medical revenues increased 16.1% on an organic basis to $145.0 million (FY2022: $128.3 million). Revenue from Complex Industrial Technology increased to $177.7 million (FY2021: $119.7 million), 18.7% higher on an organic basis. Excluding data centre customers, revenues were 17.7% higher on an organic basis. Data Centre revenues were $37.7 million, (FY2022: $31.4 million). Demand for Data Centres products grew by 20.3% during the year.

Gross margin

The Group's gross margin was 21.7% (FY2022: 20.5%). This was due in part to deflation in the cost of core components of PVC and copper. Where our contracts with power cord customers allow us to pass on the cost of raw materials to customers, the cost of sales as a percentage of revenue decreases, which increases the gross margin percentage. Most raw materials purchases are also denominated in US dollars but other costs, such as labour costs, are paid in local currencies. With a strong dollar versus other currencies, this had a small beneficial impact.

Operating profit

Underlying operating profit increased 19.8% to $67.3 million (FY2022: $56.2 million). This was favourably impacted by the strong organic growth and a full year of contribution from acquisitions acquired in FY2022. The ratio of underlying operating expenses to revenue marginally increased to 12.4%, from 11.3% in the prior year and there continues to be a strong focus on cost control and continuous improvement activities. Statutory operating profit increased by 31.2% to $53.8 million (FY2022: $41.0 million), also reflecting the factors above.

The Group's underlying operating margin of 9.3% was better than the 9.1% achieved in FY2022. Despite headwinds from inflation in a number of areas, including materials and utilities, operating margin benefited from better gross margins, continued cost control improvements over our cost base and vertical integration activities across our sites. The stronger dollar also helped in relation to costs such as rent, utilities and salaries paid in local currencies.

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 $1.3 million (FY2022: $2.5 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.

Amortisation of acquired intangibles decreased to $8.9 million (FY2022: $10.3 million) due to the DE-KA open order book being fully amortised in the prior year.

The charge recognised through the income statement for share-based payment awards comprises $4.6 million (FY2022: $3.8 million) in respect of senior management, credit of $0.9 million (FY2022: $0.6 million charge) in respect of acquisitions where awards lapsed in the year and $nil (FY2022: $nil) 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 for an acquisition. 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 $9.1 million (FY2022: $5.2 million) mainly due to the working capital requirements for the supply chain disruption experienced in FY2023 and the utilisation of the revolving credit facility following the acquisitions of Irvine, TC, Prodamex and inYantra during FY2022 and RDS in FY2023. The financing element for leases for the year was $1.7 million (FY2022: $1.0 million). The Group recognises interest income of $0.2 million (FY2022: $0.2 million) in relation to accrued interest receivable on the 10% preference shares issued by our associate, Kepler SignalTek.

Financial Review
(continued)

Taxation

The Group's income tax expense for the period was $8.4m (FY2022: $5.8m), representing an effective tax rate ("ETR") of 18.3% (FY2022: 16.0%). 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 previous years are principally due to the recognition of historical operating losses, unclaimed capital allowances and other temporary 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.

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 impact of deferred tax asset recognition on underlying profit after tax was $5.8 million (FY2022: $2.9 million). During FY2023 management considered all available evidence, including the continued growth in the Group's profitability, and determined that all the remaining unrecognised tax losses in a key jurisdiction should be recognised as a deferred tax asset. The Group has $28.8 million (FY2022: $64.1 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 effective tax rate.

The underlying ETR (representing the income tax expense on profit before tax, adjusting items and share-based payments) was 18.0% (FY2022: 17.7%). The ETR was again 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 3.2% adverse (FY2022: 4.7%), mainly arising in Turkey.

The net favourable impact on the underlying ETR from judgements over deferred tax asset recognition across multiple territories was 7.1% (FY2022: 4.3%). Deferred tax assets arising from historical tax losses are now fully recognised in a major jurisdiction and therefore the impact of deferred tax asset recognition on the ETR is expected to be reduced going forwards.

Cash tax paid during the period was $7.9 million (FY2022: $6.5 million), representing an underlying cash ETR of 13.3% (FY2022: 12.6%). The underlying cash ETR continues to be below the reported underlying ETR due to the utilisation of tax losses and the timing of cash tax payments.

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 2 April 2023, the Group has net current tax liabilities of $13.7 million (FY2022: $8.2 million) which include $10.4 million (FY2022: $7.2 million) of provisions for tax uncertainties.

Earnings per share

Underlying diluted earnings per share increased 14.3% to 28.8 cents (FY2022: 25.2 cents). Basic earnings per share increased to 23.2 cents (FY2022: 19.3 cents).

The weighted average number of shares in the year was 158.7 million (FY2022: 157.2 million).

Foreign exchange

The majority of the Group's revenue is in US dollars, with sales in other currencies including euro 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 gains recognised in the income statement for the period were $0.6 million (FY2022: $0.6 million loss).

Cash flow

Operating cash flow before movements in working capital was $78.4 million (FY2022: $60.9 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 $8.6 million, which compares to a $34.4 million adverse movement in FY2022. The reasons for this working capital movement are set out below:

- An increase in inventory leading to a cash outflow of $0.2 million (FY2022: $28.1 million cash outflow). Supply chain lead times have stabilised and incidences of component shortages have decreased compared to FY2022, which have resulted in the level of inventory being held having stabilised. Inventories have increased where required due to growth in our operations and new customer projects;
- The acquisition of more working capital heavy complex projects over this period has also contributed to the higher working capital days;
- An increase in receivables leading to a cash outflow of $15.4 million (FY2022: $14.2 million cash outflow) with the increase reflecting growth of the business; and

$67.3m
Record underlying operating profit

18.0%
Underlying effective tax rate

$45.8m
Profit on ordinary activities before taxation

9.3%
Underlying operating margin

1.0x
Covenant net debt: EBITDA ratio

$55.7m
Net cash generated from operating activities

- An inflow related to payables of $7.0 million (FY2022: $7.9 million cash inflow). This was also due to the growth of the business.

Total gross capital expenditure increased to $27.0 million from $15.0 million in FY2022. Of the $27.0 million, $18.3 million related to cash spend and the remaining $8.7 million related to new finance leases accounted for as Right-of-use assets under IFRS16. During the year, the Group has invested in expanding facilities in Batam, Indonesia and Pune, India in order to increase capacity and capabilities as the Group continues to grow. We have continued with our investment in automation, vertical integration and in our higher-growth sectors.

Free cash flow was $38.1 million (FY2022: $4.1 million). Free cash flow represents net cash flows before financing activities excluding the net outflow from the acquisition of subsidiaries.

Net financing outflows were $31.4 million (FY2022: inflows $40.4 million). This included dividend payments of $5.7 million (FY2022: $7.2 million) which were lower than the prior year due to the take-up of the scrip dividend in FY2023. In FY2022, net financing inflows included legal costs and arrangement fees of $2.5 million relating to the drawing of the revolving credit facility ("RCF") to fund acquisitions.

Total cash expenditure on acquisitions (net of cash acquired) was $12.2 million (FY2022: $54.9 million), including $7.1 million (FY2022: $19.2 million) in respect of contingent consideration.

The Group is expecting to make payments of $3.5 million in FY2024 in relation to contingent consideration for acquisitions made in FY2023 and previous years.

The cash outflow associated with the settlement of awards under share-based payment arrangements was $7.2 million (FY2022: $5.1 million).

Net debt and gearing

At 2 April 2023, the Group's net debt was $76.4 million before operating lease liabilities and $103.7 million including operating lease liabilities. At 3 April 2022, net debt before operating lease liabilities was $74.4 million and $95.3 million including operating lease liabilities.

At 2 April 2023 the Group's covenant basis net debt/underlying EBITDA ratio was 1.0 times (3 April 2022: 1.2 times). For further details on the Group's covenants, see the section on 'Banking facilities, covenants and going concern'.

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 2.6 pence per share (FY2022: 2.4 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 $5.1 million.

Together with an interim dividend of 1.3 pence per share paid in December 2022, this equates to a full year dividend of 3.9 pence per share (FY2022: 3.6 pence per share), an increase of 8.3%. If approved, the final dividend will be paid on 25 August 2023 to all shareholders on the register at 21 July 2023. The ex-dividend date will be 20 July 2023.

Banking facilities, covenants and going concern

As at the FY2023 year end, the Group banking facilities remained at $300 million, which are due to expire in February 2026. The facility comprises a $125 million revolving credit facility, a $75 million term loan and an additional $100 million uncommitted accordion. During FY2023, the first of two options to extend for an additional year was taken.

As at 2 April 2023, drawings under the facility were $91.5 million (FY2022: $103.8 million) with $nil drawn under the cash pool (FY2022: $3.2 million).

Financial Review
(continued)

At the year end the net debt to underlying EBITDA ratio was 1.0x and interest cover was 11.0 times, well within the covenant terms.

The Group's financial statements have been prepared on the going concern basis, which contemplates the continuity of normal business activity with 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 end of September 2024, which is based on the FY2024 Board-approved budget. The Directors have performed sensitivity analysis on the cash flow forecast using a base case and downside scenario that take into account the principal risks and uncertainties set out on pages 44 to 49 of the Annual Report. The Directors have considered the potential impact of climate change on the going concern assessment and do not believe there to be a significant impact in the going concern period. The severe but plausible downside scenario models a 15% reduction in year-on-year revenue, equivalent to the worst result in recent history, and still provides significant covenant and liquidity headroom. The Directors have considered the impact of potential acquisitions in both the base case and severe but plausible downside scenarios where appropriate.

Based on their assessment and these sensitivity scenarios, the Directors are satisfied that there are no material uncertainties regarding the Group's going concern status and that there is a reasonable expectation that the Group has adequate resources to continue in operational existence for at least twelve months from the date of approval of the financial statements. The Directors therefore consider it appropriate to adopt the going concern basis of accounting in preparing the financial statements.

Financial instruments and cash flow hedge accounting

In September 2022 an interest rate swap was entered into following market evaluation, which has enabled the Group to fix the interest rate paid on a notional value of $50 million.

For most products we sell to Consumer Electricals customers, the price of copper has an impact on the cost of key raw materials. This risk is minimised by passing the variability in cost through to the end customer in the majority of cases. Where the customer contract does not provide for the pass-through of risk, the Group enters into forward contracts to mitigate the Group's exposure to copper price volatility (see page 48 where rising commodity prices have been identified as a key risk).

The forward contracts act as an economic hedge against the impact of copper price movements. They meet the hedge accounting requirements of IFRS 9 and therefore are accounted for as cash flow hedges of forecast future purchases of copper. As at 2 April 2023, a financial asset of $nil (FY2022: $nil) has been recognised in respect of the fair value of open copper contracts. This credit is retained in reserves until such time as the forecast copper consumption takes place, at which point it will be recycled through the income statement.

A charge of $0.3 million has been recognised in cost of sales for FY2023 (FY2022: credit of $0.1 million) in respect of copper hedging contracts that closed out during the period. This charge has arisen since the average London Metal Exchange copper price in the period has been below the contracted price.

The Group also has certain foreign operations whose net assets are exposed to foreign currency translation risk. The Group's policy is to hedge this exposure through designating certain amounts of foreign currency denominated debt as a hedging instrument.

Defined benefit pension schemes

The Group's net pension deficit under IAS 19 as at 2 April 2023 was $2.6 million (FY2022: $3.1 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.

Jon Boaden
Chief Financial Officer
21 June 2023

Group Risk Management

Risk governance

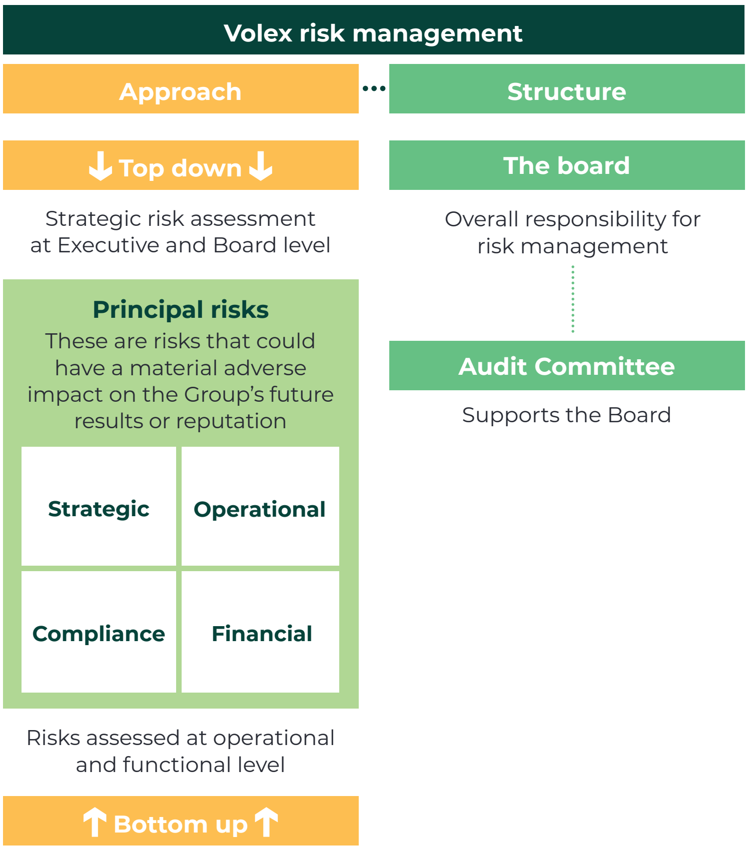
The Group adopts the QCA code in relation to risk governance. Under the QCA Code, the Board is expected ‘to ensure that the Company’s risk management framework identifies and assesses all relevant risks in order to execute and deliver strategy’, including the need to determine ‘the extent of exposure to the identified risks that the Company is able to bear and willing to take’. The Board has overall responsibility for the management of risk within the Group as part of its role in providing strategic oversight, with specific responsibility for reviewing the effectiveness of the Group’s system of internal controls and risk management being delegated to the Audit Committee.

Given the risks and uncertainties involved in operating in a complex, competitive and fast-changing global environment, identifying, understanding and managing those risks is essential to the Group’s long-term success and sustainability. One area that received significant attention during the year was managing the Group’s response to global supply chain challenges and monitoring inflationary cost pressures, including the Group’s ability to pass through increased costs to customers to protect profitability while maintaining competitiveness.

Risk management process

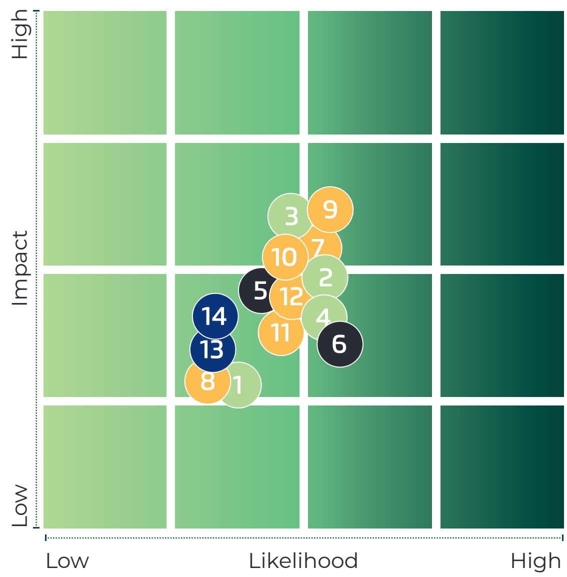
The risk management process gives the Board assurance that risk management and related control systems in place are effective. During the year, this comprised two key elements which are supported by other activities within our risk management framework:

- An ongoing process of assessment and review of individual Volex sites and/or entities undertaken by a combination of our Internal Audit function, the Group Finance team and the Operations teams; and
- The annual risk survey conducted centrally across the entire senior management team and Group-wide functions. Potential risks are assessed to reflect the likelihood of occurrence and the potential impact on the business were they to occur, as well as the extent to which they are being addressed and mitigated.



Risk heat map

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



1. Acquisition integration
2. Global economic conditions
3. Customer concentration
4. Market competition
5. Access to finance
6. Commodity prices and FX rates
7. Supply chain
8. Climate and environment
9. Cyber and data security
10. Staffing and people
11. Technology change
12. Product quality
13. Regulatory compliance
14. Financial controls

Key: Strategic Operational Financial Compliance

Emerging risks

As part of the overall risk assessment process, a review is conducted to identify emerging risks, so that these can be monitored and the potential impacts can be understood and managed.

The process identified that there continued to be an acknowledgement of uncertainty around macroeconomic risks and that geopolitical tensions could impede business operations, including further disruption of supply chain routes. This risk will be monitored by the Company's Audit Committee and Board.

Principal risks

Principal risks are those that the Board believes may materially affect the future prospects or reputation of the Group, including those that could threaten its business model, future performance, solvency or liquidity. Identifying these potential risks assists in ensuring risk management procedures and internal controls exist to prevent them from occurring, or to at least mitigate their impact should they occur. Principal risks are categorised into four broad areas.

Strategic

Risks that may potentially affect the Group in delivering its strategy or achieving its strategic objectives. This would include macroeconomic risks as well as risks associated with the execution of key elements of the Group's strategy. The Group considers potential risks and mitigation strategies when developing its strategy. It is not always possible to foresee the eventual risks at the time that the strategy is defined which may require measures to be introduced to control the risks.

Operational

Risks arising out of operational activities in areas such as sales and operations planning, procurement, warehousing, logistics and product development. These risks may need to be mitigated by various levels of management who will be required to take ownership of risk management in their area of the business.

Financial

Risks relating to the financing or financial position of the Group that may arise externally, such as financial market risk, or internally from the perspective of internal controls and processes. Financial risks can arise as a result of changes that affect the financial landscape as a whole, such as changes in the availability of funding for the business or foreign exchange movements. They can also arise from decisions taken at a Group level that can either expose the Group to financial risk or fail to adequately mitigate financial risk.

Compliance

Risks relating to compliance with applicable laws and regulations. These risks could arise as a result of a failure to follow a particular procedure or from a change in the regulatory or compliance landscape that has a material impact on the Group and its existing operations or structure. Compliance risks could have a financial implication in the form of a fine or penalty, a significant cost of compliance or the risk of reputational damage.

Group Risk Management
(continued)

Strategic risks

Risk and possible impact	Risk mitigation activities	Trend	Link to strategy
1 Strategic – Acquisition integration			
Although the Group's recent acquisitions have been of companies that complement or expand the Group's existing business, there is a risk that the synergies envisaged pre-acquisition do not materialise and that the Group's activities become too unfocused.	The Group continues to focus on sequential acquisitions that add value and are cash generative from day one, with an effective earn-out model, where appropriate, to encourage success and senior staff retention in the acquired businesses. Where acquisitions are intended to realise synergies or specific cost optimisation objectives, programmes are put in place to ensure that the benefits are achieved. Consideration may need to be given to a broader series of integration activities encompassing changes to internal structures and procedures, where this is expected to deliver benefits.	→	
2 Strategic – Market competition			
The Group operates in highly competitive markets and faces competition from rivals operating with lower costs and overheads, especially in the power cords market.	Volex has created a successful differentiation strategy that mitigates this risk. The Group continues to focus on markets and customers where it can differentiate on factors other than price, including engineering know-how and quality. The Group has looked to increase the use of automation for standard, lower-margin mass production, while achieving greater vertical integration to maintain competitiveness. More complex Volex products often require specialised engineering knowledge and are subject to stringent regulatory approval, making changes in suppliers challenging for customers. Volex is continually looking to keep its high-speed product offering up to date.	→	
3 Strategic – Customer concentration			
A proportion of the Group's revenue continues to be derived from a small number of large customer accounts, leading to potentially disproportionate impact if a key customer account is reduced or lost.	Previously reliant on a smaller number of large customers, Volex has in recent years pursued a successful diversification strategy and seen the growth of smaller accounts that have lessened this risk. Notwithstanding this, production sites and other entities may be susceptible to reliance on individual customers. Revenues from the Group's largest customer have marginally increased as a proportion of total Group revenue in the year.	↑	
4 Strategic – Global economic conditions			
The economy has been challenged by macroeconomic factors, including inflation, supply chain difficulties, higher energy costs and the lasting effects of Covid-19. There are a range of short and medium term outcomes as regards to how the global economy could respond. In the scenario of economic contraction, this could have an impact on our sales and profitability.	Management has closely overseen the Group's response to global supply chain challenges, including responding dynamically to meet customers' expectations. Management has been monitoring inflationary cost pressures, and the Group's ability to pass through increased costs to customers to protect profitability while maintaining competitiveness. Covid-19 has had a limited financial impact on FY2023 due to the Group's diverse customer base and the effective action taken to safeguard colleagues and operations when the pandemic began. The Group has carried out a robust assessment of its financial position and even if revenues fall, the Group has sufficient liquidity to operate as a going concern.	→	

Key to trend

↑ Up trend

↓ Down trend

→ No change

Key to strategy

- Product development
- Revenue growth
- Operational excellence
- Investment and acquisition
- Remarkable talent

Operational risks

Risk and possible impact	Risk mitigation activities	Trend	Link to strategy
5 Operational – Supply chain			
The Group is in some cases dependent on single external suppliers for components and is not as vertically integrated as some competitors. In addition, disruption to supply chains continues.	Global supply chain issues have begun to stabilise, but continue to have an impact on lead times and component availability. Volex will need to maintain pursuing its current strategy of increased vertical integration and supplier diversification. As a contract manufacturer, we are tied to customers' Approved Vendor Lists, in many cases, for raw materials and components, while for some specialist products, supplier options can be limited. Individual sites and entities took steps to secure sufficient stock, including from alternative sources, where possible.	Down trend	Operational excellence
6 Operational – Staffing and people			
The retention of staff in key executive roles as well as in on-the-ground operations is important to any business. The departure of senior managers as well as any increase in turnover of production staff may have a negative impact on the Group.	Competition for staff can be challenging, particularly in contracting labour markets. A long-term incentive plan for key senior executives was put in place in FY2020 to encourage retention. Turnover rates in other roles vary considerably between Volex sites, with local market conditions contributing to higher rates of staff turnover in some of our production sites. The global HR team is focusing on staff engagement and improving employee satisfaction across the Group as well as strengthening succession planning for management and key staff positions.	No change	Remarkable talent
7 Operational – IT and cybersecurity			
With a computer usage base of an estimated 2,000–2,500 employees and a high number of evolving cyberattacks daily, the Group faces a constant challenge to keep staff aware of and alert to the threat from data breaches. In addition, the obsolescence of infrastructure will need to be managed.	The Group has continued to provide mandatory cybersecurity awareness training, and internal phishing tests were conducted to measure levels of awareness. Volex IT is investigating other security technologies to improve overall security as well as enhanced data classification and management. Investment will continue to maintain up-to-date and effective servers and hardware.	Up trend	Operational excellence
8 Operational – Product quality			
The impact on the Group of product defects or product failure not only carries immediate financial risk in terms of repair or recall costs, but longer-term damage to its reputation for quality and reliability.	Volex has high quality standards and has developed an ability to mitigate technical setbacks through close customer relationships. Volex sites and entities are subject to regular customer audit and third-party review, and all are ISO 9001 certified. Sites focused on medical equipment have ISO 13485 accreditation and those focused on the aerospace sector have AS9100D accreditation. Closer control of supplier-provided components by the procurement function and increased automation in manufacturing, as well as regular continuous improvement activity and recruitment of experienced Quality and Engineering staff, will enable further improvements in Volex's overall reputation for quality. As technology continues to advance our products are becoming increasingly complex.	Up trend	Product development

Group Risk Management
(continued)

Operational risks continued

Risk and possible impact	Risk mitigation activities	Trend	Link to strategy
9 Operational – Technological change			
Developments in technology and resulting changes in demand for specific products represent not only an opportunity but also a threat. The Group's products risk becoming obsolete, while it also risks failing to take advantage of the new sectors opening up.	As a contract manufacturer, Volex is driven by customer needs and designs but is also addressing this risk through increased R&D investment, acquisitions and an improved strategic marketing function. The Group's design team continues to develop innovative, patentable products, and Volex remains a strong player in the expanding high-speed Data Centre and EV markets. Volex is seeking to diversify products and enter a wider range of markets. Changes in charging technology have affected the EV business, and there is also a risk from increasing wireless transmission of data, but having a well-diversified customer portfolio and broadening our service offering should help secure a longer-term future.		
10 Operational – Climate and environment			
Climate change presents physical and transitional risks to global manufacturers. Identifiable risks include the impact of disruptive and damaging climatic events, supply chain disruption as well as volatility in energy supply and pricing. Further risks are presented from policy and regulatory changes including carbon pricing.	As a global manufacturer, Volex depends on a stable energy supply and secure supply of resources and materials. Through our successful diversification strategy and through establishing production capabilities in different regions we are a more resilient business.		

Financial risks

Risk and possible impact	Risk mitigation activities	Trend	Link to strategy
11 Financial – Access to finance			
If the Group cannot access sufficient cash, bank borrowing or equity finance, investment and acquisition plans may be adversely affected.	The Company currently has a strong balance sheet. It also has a $200 million committed facility, together with an additional $100 million uncommitted accordion. The Group considers the impact of any significant transactions when undertaking short-term and long-term cash flow forecasting.		
12 Financial – Commodity prices and FX rates			
As a global manufacturer producing and selling around the world, the Group's supply chain can be adversely affected by movements in commodity prices and other supplier inputs. The Group is also exposed to fluctuations and changes in currency exchange rates.	Volex has demonstrated an ability to manage commodity price risk, for example, through effective hedging and copper clauses in contracts with customers. In the near to medium term, the risk of higher prices is increased. The mitigation activity remains the same with additional costs being passed on to customers.		

Compliance risks

Risk and possible impact	Risk mitigation activities	Trend	Link to strategy
13 Compliance – Regulatory compliance			
The Group operates in many jurisdictions around the world, all with different standards, ethics and rules for corporate governance, taxation, employment law, environmental law and product compliance and quality. Failure to adhere to local or international rules can result in severe fines, or even restrictions on the right of the Group to operate in those jurisdictions.	Compliance across the Group is overseen centrally by Head Office HR, Tax and Legal functions, and managed locally in Volex regional centres, with assistance from professional advisers. Regular internal assessments are made, for example, of employment practices, health and safety conditions, corporate compliance, et cetera. For Volex products, safety and compliance staff are involved in the early stages of product design, liaising with customers and regulatory agencies. A dedicated trade compliance team is in place to ensure export control compliance. At the supplier level, since 2018, a number of standard agreements are in place, including an NDA, a Code of Conduct and a Purchase Agreement containing product warranty/liability provisions. Environmental/quality agreements are required before any non-Approved Vendor List supplier can be selected and qualified as a Volex supplier.	→	
14 Compliance – Financial controls			
With global operations and considerable autonomy often afforded to local regional centres and entities, the risk of control breaches opens up the risk of loss through fraud or through prosecution for breach of financial regulations.	The Group has an internal audit co-sourcing arrangement with an external provider and a number of internal audit reviews looking at financial controls have been completed during the year. Central and regional head offices exercise ongoing review and assessment of individual Volex operations. Annual participation in the Volex Group Anti-Bribery online learning course is mandatory for all relevant staff. Internal authorisation processes are reviewed periodically to ensure that they remain relevant and effective.	→	

Key to trend

↑ Up trend

↓ Down trend

→ No change

Key to strategy

- Product development
- Revenue growth
- Operational excellence
- Investment and acquisition
- Remarkable talent

Sustainability at Volex

Delivering customer focus

At Volex we are totally focused on delivering against our customers' expectations. Increasingly our customers are asking new questions of us in the area of sustainability. It is no longer enough to just deliver on time, in full and with zero defects. Customers are engaging with us about our environmental, social and governance ("ESG") credentials, our ambitions and time-scales for decarbonisation, as well as our policies on ESG topics. We welcome these challenges and have this year expanded our ESG disclosures.

Delivering successful innovation

The transition to a low carbon economy requires innovation. At Volex we promote innovation across all aspects of our business to ensure that we are competitive and agile and succeed in our strategic ambitions. Whether through the achievement of design patents, or through innovative kaizen improvements, we encourage all employees to identify practical ways that we can improve our products and services.

Delivering excellent performance

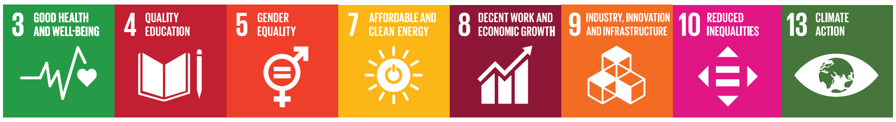
Driving sustainability means driving operational excellence – through our relentless focus on kaizen and improving the performance of our processes we deliver excellence. Our kaizen programme generates hundreds of improvement ideas every month and these are communicated to other sites, sharing best practice and providing additional benefits across the Group. We have recognition programmes to acknowledge team kaizen excellence and also site-level kaizen excellence through our Volex Site Excellence Awards programme.

Committed to our ambitions to be a responsible designer and manufacturer

Sustainability is an integral part of Volex. We are proud to partner with our customers, many of whom are already at the forefront of the transition to a low carbon economy.

At Volex, we have developed an approach built on data-led insight gained through the implementation of our Sustainability Reporting System. Our Factory Sustainability Framework engages each of our sites in the sustainability improvement agenda while ensuring we work collaboratively and in a coordinated way to maximise the benefits of our scale. In FY2022 we established our sustainability agenda and aligned to the UN's Sustainable Development Goals. This year we have strengthened our governance structures and established our net zero ambitions. We will decarbonise our Scope 1 and 2 emissions by 2035 and we will progressively decarbonise our Scope 3 emissions and our value chain by 2050.

UN SDGs



Sustainability ratings

CDP DRIVING SUSTAINABLE ECONOMIES

ecovadis 2022

Management and stewardship

Our Board has overall responsibility for the governance of the business

The Safety, Environmental and Sustainability Committee provides the Board with regular updates and has delegated responsibility from the Board for these matters. In FY2023 we strengthened our governance structures ensuring that, as management, we have the structures in place to ensure the right priority and accountability. We established a Global Sustainability Steering Committee and are implementing regional committees which together will have the executive responsibility for the improvement programmes needed to deliver our sustainability ambitions.

Our framework is made up of three pillars upon which we can build our sustainability agenda for the future

1. Data-led insight

Through the Volex Sustainability Reporting System

2. A bottom-up approach

Through the Volex Factory Sustainability Framework

3. Group-wide action

Through use of our data and global scale to achieve maximum impact

Building 'Excellence in Sustainability' at a factory level

At Volex, we expect all of our factories to be making sustainability improvements as part of our efforts to boost operational excellence. As a manufacturing organisation, we rely on site-level improvements to achieve success in everything that we do. We encourage all of our sites to develop their own improvement plans – aligned with culture, community and other priorities. We recognise excellence at a site level through our Volex Site Excellence Awards programme.

Sustainability at Volex

Sustainability is an integral part of Volex. As a global specialist in power products and power connectivity solutions, we provide our customers with supply chain, manufacturing, assembly and testing expertise. We are proud to partner with our customers, many of whom are already at the forefront of the transition to a low carbon economy. Through our customers, many of our products, solutions and services are helping to power the drive towards a more sustainable future in line with the UN's Sustainable Development Goals.

At Volex, we recognise that the world's climate is changing rapidly and that humanity must transition to a world which rebalances our use of carbon while matching levels of resource consumption with resource availability. In line with our obligations under the Paris Agreement we have commenced our transition to become a net zero emissions business. While our primary focus is to reduce our greenhouse gas ("GHG") emissions we believe that our responsibilities are broader than this and that as a responsible, trusted and sustainable business we must address other environmental impacts such as our use of water and the management of waste generated within our business. We strive to grow sustainably and to build operations that embrace decarbonisation and have environmental protection in their DNA.

Our sustainability strategy

As a global manufacturer we are dependent upon a sustainable supply of resources and energy to enable us to meet the expectations of both our customers and the end-users of our power cords, connectors and harness assemblies. We recognise that as a global manufacturer we have a significant responsibility to protect and preserve these natural resources and to use energy as efficiently as possible. We are committed to having a positive impact on the communities in which we operate while providing stable and meaningful employment to our workforce and minimising the negative impacts from our operations on the natural environment.

As a global manufacturer, our products and solutions are part of a complex global value chain within which there is a significant prospect of substantial environmental emissions both in terms of purchased goods and services and emissions from upstream and downstream transportation and distribution. We have started to investigate our Scope 3 emissions and to engage with our supply chain specialists in the initial screening phase. We have started to systematically capture emissions from our business travel and will model our employee commuting emissions in FY2024. We recognise that at least a further 70% of our total emissions could fall within the definition of Scope 3 emissions as defined by the Greenhouse Gas Protocol and we will be working to verify our Scope 3 emissions over the coming years.

As a sustainable business that is growing rapidly, we know that our absolute emissions will increase year-on-year unless we can decouple our growth from the negative impacts that our operations cause to the natural environment. In FY2023 we are pleased to report that as our revenues increased by 17.6%, we successfully limited the increase in our Scope 1 and 2 emissions to 1.3%. We would expect the rate of decoupling to further improve as our efforts to decarbonise the business accelerate. As a manufacturer, we recognise that the energy we consume to transform materials into our customers' products is the greatest contributing factor to our carbon emissions, making up 87% of the total reported emissions in FY2023. Electricity consumption accounts for 83% of the total energy consumed by our operations. It is our responsibility, therefore, to strive for operational excellence in our manufacturing processes to ensure that we only use the optimum amount of energy necessary to produce a finished product. Driving quality improvements so that products are built right first time every time, thereby eliminating the inefficiencies of correcting or processing defective parts is an integral part of this mindset and our approach to operational excellence requires a relentless focus on kaizen.

Our key challenges are to source our energy responsibly to reduce our carbon emissions (per kilowatt-hour of energy sourced) and to eliminate waste through ensuring a right first time approach to our processes and by ensuring that any operational waste produced is re-used, re-purposed or recycled, therefore minimising our disposal of waste to landfill.

We are proceeding to deliver against our Sustainability Strategy by creating an action framework to deliver our sustainability agenda for the future. This framework identifies three key pillars of activity that underpin our efforts to improve our performance on sustainability.

Our framework is made up of three pillars upon which we can build our sustainability agenda for the future

1. Data-led insight

Through the Volex Sustainability Reporting System

2. A bottom-up approach

Through the Volex Factory Sustainability Framework

3. Group-wide action

Through use of our data and global scale to achieve maximum impact

Volex Sustainability Reporting System

In FY2021 we implemented a sustainability reporting system and established a standardised set of ESG-related indicators across all operating locations. We partnered with UL and selected their UL 360 Sustainability Essentials solution as our reporting platform, giving us the capability to capture ESG data consistently across all parts of our business. We call this platform the Volex Sustainability Reporting System ("V-SRS").

This investment has delivered consistent management insight across a wide array of environmental, social and governance-related performance indicators, enabling us to efficiently calculate our global carbon emissions. Our V-SRS system enables each of our sites to see their own carbon emissions each month, helping them to monitor changes in emissions dynamically throughout the year. This system helps us to ensure that we can be increasingly granular and responsive in our disclosures to our external stakeholders whether the focus is at a site, subsidiary, country or Group perspective.

Building 'Excellence in Sustainability' at a factory level

At Volex, we expect all of our factories to be driving local improvements to their businesses. Our sites vary greatly in terms of size and manufacturing process so the Volex Factory Sustainability Framework provides a platform for each factory to select their own prioritised improvement actions for the year ahead. Every factory has different priorities and is at a different stage in its kaizen journey. In the past two years we have worked hard to engage all of our sites in the design and development of our Volex Factory Sustainability Framework.

In FY2021 we implemented a programme to recognise excellence at a site level, the Volex Site Excellence Awards. This annual programme recognises the best achievements across a number of performance categories. Each winning site receives a certificate and trophy. All winning sites then take the time to hold a factory-wide celebration event involving every employee. It is extremely important for us, at Volex, to take the time 'at a site level' to recognise and celebrate our successes with every single employee. To celebrate the success in delivering on our sustainability agenda we decided in FY2023 to include Sustainability as a new category.

The first Sustainability Site Excellence Award was announced in May 2023 and the award went to our Henggang, China team for their proactive engagement in the sustainability agenda over the year which saw them implement solar panels and reduce water consumption as well as completing a number of other environmental improvement projects.

Consistent policy deployment

At Volex, we believe in taking action collaboratively and in a coordinated way to simplify the change management complexities and eliminate duplication of effort. Since 2019 we have deployed a consistent approach to evaluating our sites' safety performance. We have implemented a common health and safety policy, performance metrics and a site safety evaluation framework to encourage the development of a consistent safety culture in all our factories.

In previous years we have launched a consistent whistleblowing solution called 'Speak Up', deploying this globally. We worked together to establish a single framework for our factories to drive their sustainability actions and have implemented a common reporting system through which they manage their ESG data reporting. In FY2023 we decided that we would require all sites to achieve ISO 45001 certification.

In FY2024 we will work together as a global team to activate our Environmental Policy and to develop a credible and robust decarbonisation plan for the business.

Sustainability at Volex (continued)

A Sustainable Framework

At Volex we strive to be:	Our improvement effort is focused on:	UN SDG	Metric	FY2023	FY2022
A sustainable business	▸ Delivering year-on-year improvements in process and production efficiencies ▸ Using our resources efficiently and maximising recycling rates across our operations	7 AFFORDABLE AND CLEAN ENERGY 13 CLIMATE ACTION	Carbon intensity [1] tCO_2e/$M	27.7	32.1
			Waste to landfill[2]	241.9 tonnes	151.6 tonnes
			Recycling rates[3]	90%	87%
			Water intensity[4]	265	352
			Read more about Our Environmental Impact on page 56		
A responsible business	▸ Ensuring all our employees are safe, healthy and engaged while at work ▸ Ensuring that all our workers receive competitive pay and benefits ▸ Ensuring an inclusive culture that values diversity	3 GOOD HEALTH AND WELL-BEING 4 QUALITY EDUCATION 5 GENDER EQUALITY 8 DECENT WORK AND ECONOMIC GROWTH 10 REDUCED INEQUALITIES	Accident rate[5]	1.24	1.78[6]
			% covered by ISO 45001[7]	61%	51%
			Turnover[8]	3.4%	3.3%
			Absence[9]	3.60%	3.86%
			Diversity[10]	54%	53%
			Read more about Our Social Impact on pages 68 to 70		
A trusted business	▸ Delivering products and services to our customers that provide their power and connectivity needs, helping to power life and supporting the move to a greener economy ▸ Operating our business ethically and with integrity, ensuring a robust Code of Conduct is embraced by all our employees	9 INDUSTRY, INNOVATION AND INFRASTRUCTURE	% revenue from green products[11]	19%	17%
			Number of employees trained in equal opportunities and diversity[12]	5,642	6,384
			Number of employees trained in Cybersecurity[13]	1,680	1,471
			% covered by ISO 9001[14]	98.9%	98.9%
			Read more about Our Governance and Compliance on pages 72 to 73		

1 tCO_2e per $M revenue (Scope 1 and 2 emissions). We have excluded Scope 3 emissions as we have limited data to date and have restated the prior year to reflect this. The scope of our carbon emission measurement is shown on pages 66 to 67.
2 Tonnes of waste sent to landfill. In FY2022 we started to report waste data with nine factories reporting data for FY2022. In FY2023 our disclosure covers 17 factories and 96% of our workforce.
3 The percentage of the total solid waste produced that is recycled. In FY2023 our disclosure covers 17 factories and 96% of our workforce.
4 Water intensity is reported as metric tonnes of water consumed per $M revenue. All sites report water usage data.
5 Lost time accidents per million hours worked inclusive of temporary and agency workers. Equivalent to 0.2 accidents per 200,000 hours worked. All sites report monthly safety and working hours data.
6 We have restated our FY2022 lost time accident rate as we previously reported the value for March 2022 instead of the value for the full year ending March 2022.
7 The percentage of our workforce employed at an ISO 45001 certified location.
8 Our turnover rate is the number of leavers/total workforce as a percentage. We report the average monthly turnover excluding leavers where short term fixed term contracts expire. Our overall average monthly turnover for FY2023 is 4.7%.
9 Our absence percentage is the number of hours of absence as a percentage of total worked hours. We report the average monthly absence percentage excluding holiday, off-the-job training and maternity leave hours. In FY2023 we saw increased sickness absence levels caused by Covid-19 cases in some locations.
10 Since FY2022 we have reported our workforce diversity. This percentage shows the proportion of the total workforce who are female based on our year-end actual workforce. Additional diversity metrics are shown on page 68.
11 The percentage of our revenue from green products specifically EV sales.
12 We introduced data reporting in FY2022. The number of employees who received training on equal opportunities and diversity in FY2023. This represents 65% of our year-end workforce.
13 Number of employees participating in our Cybersecurity E-Learning programme. This e-learning is applied to management and our professional workforce only. In FY2023 this represented 83% of our IT-enabled workforce.
14 Data reporting commenced in FY2022. The percentage of the total workforce employed at an ISO 9001 certified location. 87% of our workforce is employed at an ISO 14001 certified location. All certifications are available on our website.

Social Impact SDGs

As a sustainable business we will decarbonise our operations. We supply products that are enabling a low-carbon economy.

Affordable and clean energy
Our products support improvements in energy efficiency

Climate action
Through site-based sustainability actions we will reduce our emissions and increase our resource efficiency

A sustainable business

Introduction

As a global manufacturer we recognise that we have a significant responsibility to protect and preserve natural resources and to use our energy as efficiently as possible. We are committed to having a positive impact on the communities in which we operate while providing stable and meaningful employment to our workforce while ensuring that we minimise any negative impacts on the natural environment from our operations.

Climate change – responding to the challenges

At Volex, we recognise that the world's climate is changing rapidly and that humanity must transition to a world which rebalances our use of carbon while matching levels of resource demand with resource availability. We recognise the increasingly disruptive changes that are taking place to the world's climate and we are committed to playing our part in tackling climate change. Our overall objective is to reduce our carbon footprint across our value chain by delivering improvements within our own operations and through engagement with external stakeholders.

Materiality assessment

In FY2023 we prepared a materiality assessment which was reviewed and approved by the Board. We identified the most important ESG issues for our business while taking into account the needs and expectations of some of our stakeholders. This helps us to ensure transparency and accountability. In total, we identified 16 topics with workforce health and safety and labour compliance topics weighted significantly and social dialogue and waste management ranked less significantly. This assessment will be reviewed on at least an annual basis.

Task Force on Climate-related Financial Disclosures ("TCFD")

In FY2023, with the help of a specialist and independent consultancy, we have completed a comprehensive review of the risks and opportunities presented by climate change as required by the TCFD a year ahead of this becoming a legal requirement for Volex. Our full report is available on page 58.

Our roadmap to net zero

As Volex, we have committed to reduce our emissions. In the short term we will continue our efforts to decouple business growth from any growth in our emissions. We will produce a detailed decarbonisation roadmap, including establishing our targets in accordance with the Science Based Targets initiative. In the medium term we will reduce Scope 1 and 2 emissions to net zero by 2035. Over the longer term we will bring our total Scope 1, 2 and 3 emissions to net zero by 2050 (or earlier if otherwise agreed by the international community). We have defined FY2019 as our base year for our emissions reporting as this is in line with our peer group. We will use FY2022 as the base year for a wider set of environmental and sustainability-related improvement targets as FY2022 was the first year that the business produced comprehensive environmental performance data. We are taking steps to reduce the carbon emissions associated with our operations. In FY2023 we installed PV panels for solar generation and started to switch over to green energy supply contracts. We delivered a 13.7% reduction in carbon intensity per $M revenue compared to the prior year and our carbon intensity has now reduced by 21.5% since FY2019. We have established energy efficiency as a key pillar within our factory sustainability framework and improvement ideas that generate energy efficiency are identified and implemented across the Group through our kaizen programme. We present updates on our improvements in FY2023 later in this report.

Environmental policy

At Volex, we are committed to conducting our business in an environmentally responsible way so as to benefit our shareholders, the environment and other stakeholders. We recognise the challenges facing the modern world from climate change and the urgent need for substantive action. During FY2023 we developed a comprehensive environmental policy that has been reviewed and approved by our Board. Our environmental policy includes 16 commitments which will focus our improvement efforts in the years ahead. We will report our progress through annual updates to this policy and through formal disclosure processes.

Enhanced sustainability disclosures

In FY2023 we started our journey towards becoming a net zero business. We recognise that our stakeholders expect greater granularity around our sustainability performance, and with a growing list of performance indicators, we have decided this year to produce a supplemental sustainability disclosure report which will be published alongside our Annual Report and Accounts. This supplement is available on the Volex website.

Sustainability
at Volex (continued)

Our progress in FY2023

Emissions

Our absolute emissions (Scope 1 and 2) have increased this year by 1.3% as a result of growth in the business of 17.6%. These emissions are driven primarily by our energy consumption for our manufacturing operations of which 83% was electrical consumption within our factories.

Our emissions intensity reduced by 13.7% in FY2023. A positive contribution to this reduction came from our inYantra business acquired in FY2022 as this business has a well-established on site solar installation contributing 115,555 kwh per annum of green energy to support the operations in Pune, India.

Energy and efficiency improvement actions in 2023

As 83% of our energy consumption is electricity we are committed to improving energy efficiency across the business. As part of introducing the Volex Factory Sustainability Framework we encourage each site to adopt energy efficiency measures, including the implementation of LED lighting solutions and we have now achieved 90% LED adoption across the Group. Other actions include switching off equipment while not in use and replacing older energy-intensive equipment with more modern and more sustainable solutions. We have continued to invest in more energy-efficient equipment in our operations. Our Henggang, China factory was the first of our plants to install a 100kW solar-panel array to support the decarbonisation of its energy supply. Our Zhongshan plant in China was the first of our large plants to commence its transition to a greener power supply model as they entered into an energy supply contract to purchase 25% of their electricity from a green supply contract. We have installed 20 on-site EV charging points.

Water

Volex is committed to minimising the consumption of water within the business. Our objective is to ensure that this precious natural resource is used sustainably and always returned to the water system in a good condition.

In FY2023 we consumed 191,478 metric tonnes of water (265mt/$M) compared to 216,373 in FY2022 (352mt/$M).

Our TCFD preparatory work enabled us to confirm the Group's exposure to water stress by applying geospatial modelling to establish current physical risks and to assess how these vary across different IPCC Representative Concentration Pathway scenarios. The results show that our sites in Vietnam and India have higher inherent water stress risk exposure; however, these sites are not high water consumers due to the nature of their manufacturing processes. At most of our locations water use is minimal as it is not used in our traditional manufacturing processes. Some operations including injection moulding and extrusion operations do require process water but these operate with closed-loop systems. Water efficiency is one of the improvement areas in our Factory Sustainability Framework. Our Henggang site reduced their water consumption by 17% overall compared to the previous year with 11% coming from simple kaizen measures. These local successes are shared with all sites through our kaizen programme.

Waste

Volex is committing to minimising waste within the business and minimising waste sent to landfill.

In FY2023 we produced 5,198 tonnes of total solid waste and our recycling rate increased from 87% in FY2022 to 90% in FY2023. Our waste to landfill was 241.9 tonnes compared to 151.6 tonnes that we reported in FY2022. This increase reflects the increased number of our sites now reporting their waste data. In FY2023 we increased the number of sites with waste management procedures and encouraged all sites to measure the waste produced in their operations. 90% of sites now report waste data. Our Hanoi site in Vietnam delivered a 65% reduction in waste to landfill during the year through their improvement activities. We have seven sites operating at a zero waste to landfill condition compared to the one factory that we reported in FY2022.

Products and sustainability

Many of our products are aligned to key ESG objectives, including those that we manufacture for electric vehicles, medical equipment, data centres, robotics and automation. From a product perspective we are compliant with the provisions of EU RoHS and EU REACH, and implement stringent controls to eliminate the use of hazardous substances. We offer products that are free from MCCP, phthalates, lead and DINP, and a range of halogen-free cables. Our product engineers are constantly assessing ways of making our products more sustainable. Our team in DE-KA, based in Turkey, through product design innovation, were able to reduce plug weight by 15%, reducing our use of materials and energy.

Supply chain sustainability

We challenge our businesses through our Factory Sustainability Framework to focus on improvements within our global supply chain to reduce the inherent emissions from the transportation of products both in our internal and in our external supply chain. Changing the sources of key materials, reviewing packaging materials and packaging solutions, becoming more vertically integrated and considering greater use of local supply possibilities are all actions that enable us to further decarbonise our supply chain.


Volex
Volex

TCFD

Introduction

The effects of climate change are accelerating, and it is apparent that urgent action is required to reduce global emissions. As a manufacturer with a global operational, supply chain and customer presence we recognise our responsibility in reducing our impact on the planet, and understanding the long-term impacts that climate change may have on our businesses. As such, although not a mandatory disclosure this year for Volex, in line with best practice we have taken a first step in implementing the recommendations of the Task Force on Climate-related Financial Disclosures ("TCFD").

In recognition of The Companies (Strategic Report) (Climate-related Financial Disclosure) Regulations 2022, we set out below our climate-related financial disclosures. These are consistent with all the TCFD Recommendations and Recommended Disclosures as detailed in "Recommendations of the Task Force on Climate-related Financial Disclosures", 2021, with use of additional guidance from "Implementing the Recommendations of the Task Force on Climate-related Financial Disclosures", 2021. We consider our disclosures to be consistent with all TCFD recommendations except for the disclosure of an Internal Carbon Price, which we explain in the metrics and targets section on pages 63 to 65.

Recommendation	Recommended disclosures	Reference
Governance Disclose the organisation's governance around climate-related risks and opportunities	a) Describe the Board's oversight of climate-related risks and opportunities	Read more on pages 59
	b) Describe management's role in assessing and managing climate-related risks and opportunities	Read more on pages 59
Strategy Disclose the actual and potential impacts of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning where such information is material	a) Describe the climate-related risks and opportunities the organisation has identified over the short, medium, and long term	Read more on pages 60 to 64
	b) Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning	Read more on pages 60 to 64
	c) Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario	Read more on pages 60 to 61
Risk management Disclose the organisation's governance around climate-related risks and opportunities	a) Describe the organisation's processes for identifying and assessing climate-related risks	Read more on pages 59 to 60
	b) Describe the organisation's processes for managing climate-related risks	Read more on pages 59 to 60
	c) Describe how processes for identifying, assessing and managing climate-related risks are integrated into the organisation's overall risk management	Read more on pages 59 to 60
Metrics and targets Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material	a) Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process	Read more on page 65
	b) Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks	Read more on pages 66 to 67
	c) Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets	Read more on page 65 to 67

Governance

Board

The Board of Directors has oversight and ultimate responsibility for Volex's sustainability strategy, targets, disclosures, and reporting, including climate-related risks and opportunities. The Board reviews and guides strategy, including ensuring the consideration of ESG factors in due diligence and major capital expenditures such as with the $3 million investment in the further development of our Batam facility (Indonesia) which will see on-site solar generation as well as rainwater harvesting and other recycling initiatives incorporated into the project.

The Board receives updates at quarterly Board meetings on key sustainability and climate-related matters that impact the sectors in which the Group operates, and on the specific measures to be implemented to drive improved climate-related business performance. The Board oversees and monitors progress against our key sustainability goals, including our net zero by 2035 Scope 1 and 2 emissions target, by reviewing our emissions performance against our target trajectory.

The Board delegates responsibility for driving ESG strategy to the Safety, Environment and Sustainability ("SES") Committee, whose members include the Executive Chairman, an independent Non-Executive Director and the Group's HR Director. The SES Committee reports to the Board following its biannual meetings.

The Board is yet to implement a firm link between Executive remuneration and ESG indicators; however, the Board has resolved that its Remuneration Committee will review this on an annual basis.

Management

An executive Global Sustainability Steering Committee, chaired by the Group's Chief Operating Officer, is responsible for developing the climate agenda and driving its implementation at a management and operational level. The Global Sustainability Steering Committee discusses and reviews all sustainability data, performance and targets at its quarterly meetings. The Committee reports to the Board-level SES Committee.

Regional Sustainability Steering Committees are being put in place to implement sustainability strategy at a regional and site level, with each regional chief operating officer having responsibility for sustainability in their locality. Site-level sustainability reviews will be conducted to inform regional action plans that can then be managed locally. Every employee will be kept informed of role-relevant behaviours that promote Volex's commitment to sustainability and climate resilience. All manufacturing sites submit greenhouse gas emissions data, as well as an extensive range of other sustainability-related data, to the Group on a monthly basis through the Group's Sustainability Reporting System.

The Regional Sustainability Steering Committees will report to the Group Sustainability Steering Committee on operational-level sustainability and climate matters, through which information will then be communicated to Board level via the SES Committee for integration into risk assessment and strategy development.

Risk management

The assessment and management of Volex's climate-related risks is integrated into the Group's overall risk management framework, so that their relative significance is comparable. While the Board has overall responsibility for the management of risks at Volex, our factories invest in and implement appropriate systems and processes to manage their impact on the environment. The risk management process is overseen by the Audit Committee, which meets quarterly, and risks (including climate risks) are reviewed in each meeting.

The risk management process comprises two key elements: an ongoing process of assessing risk within individual Volex sites and/or entities which is undertaken by a combination of the internal audit function, the Group finance team and the operations teams; and an annual risk survey that engages with the entire senior management team as well as with managers within Group-wide functions. This provides a top-down, bottom-up approach, whereby a strategic risk assessment is conducted at Executive and Board level, as well as an assessment of risks at an operational and functional level. Climate-related risk is considered within this process and is included within the Group's Risk Management Framework. This Framework categorises all existing and emerging risks, including climate-related risks, and it covers the probability of the risk occurring and the degree of the potential impact.

All risks are assessed on a matrix incorporating an assessment of both financial impact and likelihood, which allows for the prioritisation of risks.

TCFD
(continued)

Financial risk impact (materiality) is defined by the following table:

Impact	Financial
Minor	Impact or lost opportunity of <$1m
Significant	Impact or lost opportunity of $1m - $3m
Serious	Impact or lost opportunity of $3m - $5m
Critical	Impact or lost opportunity of $5m - $10m
Catastrophic	Impact or lost opportunity of >$10m

Risk likelihood is defined under five categories: Rare, Unlikely, Possible, Likely, Almost Certain.

Risk mitigation factors for all risks, including climate-related, are included in the Risk Management Framework and this combined view determines the approach for managing climate-related risks (e.g., mitigate, accept or control).

Strategy

During 2022, a climate scenario assessment was completed for the first time with the aid of external consultants. Potential risks were assessed both within the Group's own operations and upstream/downstream of the Group; and whether they first occur within the short, medium or long term. It should be noted risks that first occur in the short or medium term may persist into the long term.

Climate scenario time horizons	
Short term (to 2025)	Aligned with short term business actions and financial planning
Medium term (2026 to 2035)	Aligned to our net zero emissions target (Scope 1 and 2)
Long term (2036 to 2050)	Aligned to our net zero emissions target (Scope 1, 2 and 3)

Overall, when combining the limited financial impact with the mitigations already in place, we believe that a fundamental change to the business strategy or budgets resulting from climate change impacts due to highlighted risks is not likely to be required through to 2050. Risks are subject to ongoing refinement and quantification over time, which enables us to build a complete picture and assists with incorporating the management of any climate-related risks into the ongoing strategy.

Physical risks

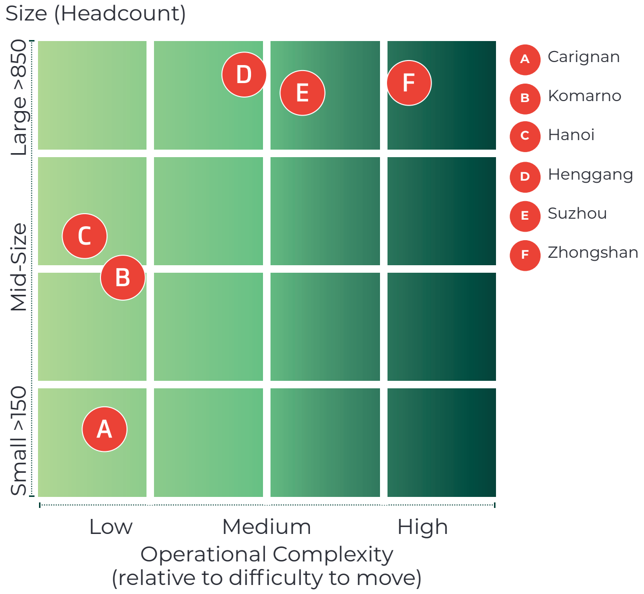
Volex is a global manufacturing business with operations spanning multiple continents. A physical risk assessment of risk exposure within both Volex's portfolio of sites and potential disruption to the supply chain was completed using Munich Re's Location Risk Intelligence tool. This tool uses the following IPCC Representative Concentration Pathway ('RCP') scenarios[1] for understanding the risks projected into the long term:

- RCP 2.6: A stringent mitigation scenario whereby global temperature rise is less than 2°C relative to the pre-industrial period (1850-1900) by 2100
- RCP 4.5: An intermediate scenario leading to global temperature rise between 2-3°C by 2100
- RCP 8.5: where global temperatures rise between 4.1-4.8°C by 2100. This scenario is included for its extreme physical climate risks as the global response to mitigating climate change is limited

All sites were analysed using geospatial modelling software to establish current physical risk (primarily flood and wildfire risk) along with how these vary across different time horizons under the three RCP scenarios. A matrix of operational complexity and asset size (by headcount) was used to interpret the net impact of risks. Six sites (Carignan, Hanoi, Henggang, Komarno, Suzhou and Zhongshan) were identified as being in a 100 year return period zone of flooding.

All of our sites are located in zones of low/no wildfire risk at present. While sites in the US, Mexico and India have higher exposure to weather conditions related to increased wildfire stress at present, the location of these sites away from vegetation and in large industrial zones means that direct impacts from fires is deemed to be unlikely. Two sites in China were identified to have heightened present risk to extratropical storms; however, the exposure to this risk is not projected to increase under any of the scenarios or by any of the studied time horizons and so is not considered to be climate-related. Three sites (Batam, Suzhou and Cayirova) were identified as being higher water consumers compared to other locations due to the type of manufacturing undertaken. These were further assessed to understand heat and drought stress exposure. Within these three locations, even under the most pessimistic scenarios (RCP 8.5 2050), the drought stress risk exposure is minimal. Looking at the wider portfolio, sites in Vietnam and India have a higher inherent water stress risk exposure; however, these sites are not high water consumers so the business risk related to water security is low.

The most pertinent physical risk exposure is flooding, with six sites currently identified as being in a 100-year return period zone of flooding. Precipitation stress risk was shown to also have a high risk exposure as this exacerbates flooding. Sites located within Canada, Slovakia and Vietnam have higher exposure to river flooding, whereas sites in China have greater exposure to flooding due to storm surge. When projecting out to 2050 under the risk exposure of river flooding and precipitation, stress grows marginally from current levels. In terms of sea level rise (which contributes to an elevated storm surge risk), one site in China was identified as having a very high exposure even when modelled under the most optimistic scenario (RCP 2.6) projected out to 2100[2]. The six sites identified with high physical risk exposure are plotted on the material matrix above. From this, three sites (in China) are highlighted as both strategic and operationally complex to relocate.



Upstream/downstream physical risks were considered based on highlighting the risk to surrounding infrastructure from climate-related risks. For instance, while our Batam (Indonesia) facility is itself not at risk of flood-related damage due to its elevation on the island, it may still be affected by disruption to the surrounding port and roads in the event of a flooding event or sea-level rise.

1 IPCC, 2014: Climate Change 2014: Synthesis Report. Contribution of Working Groups I, II and III to the Fifth Assessment Report of the Intergovernmental Panel on Climate Change

2 Minimum time horizon projection for sea level rise is 2100

Key physical risks

Risk	Disruption due to flooding	Disruption to supply chain due to physical climate-related events
Type	Physical (chronic and acute)	Physical (chronic and acute)
Area	Own operations	Upstream and downstream
Primary potential financial impact	Loss of assets due to damage. Loss of revenue due to operational disruption	Disruption to supply chain impacting distribution and/or business productivity
Time horizon	Long term	Long term
Likelihood	Possible	Possible
Impact	Serious	Minor
Location or service most impacted	China	Global
Mitigation/ response	The Group operates a diversified production strategy, meaning no one site is unique in the product it manufactures. This redundancy allows for products to be manufactured at another site should one face an issue with a potential flooding or other significantly disruptive climate event. It should be noted that there are operational and commercial constraints in moving production from one location to another. In addition to this, manufacturing sites have flood damage insurance cover with limits that reflect the magnitude of risk. For example, sites in China are covered up to $10 million.	Maintaining redundancy in global manufacturing capabilities allows for production to continue on all products should a single facility be materially disrupted by supply chain/distribution issues. Volex operates a very expansive supply chain mitigating any single supplier being impacted by physical climate-related events. The Covid-19 pandemic and resulting supply chain challenges acted as a test of businesses resilience to supply chain shocks. The business was able to continue to operate normally throughout despite a heavily disrupted global supply chain and was able to maintain supply to its customers, albeit with minor delays to delivery schedules in line with what was seen across the industry. In addition, major climate-related events affecting suppliers and/or distribution would not solely affect Volex, meaning no loss of competitive advantage as a result of supplier disruption.

TCFD
(continued)

Transition risks

Transition risks are more likely to affect the business on a global scale and are associated with the transition to a lower-carbon global economy. The following transitional risks were assessed but deemed not relevant to the business:

i. Transitioning to low emissions technology/early retirement of existing assets (Technology)

ii. Failure to meet shareholder expectations for sustainability (Reputation)

iii. Exposure to environmental litigation (Policy & Legal)

We have utilised public scenarios developed by the IEA to understand the potential future impact of transition risks:

- Net Zero Emissions by 2050 ("NZE")[3]: a normative scenario which sets out a narrow but achievable pathway for the global energy sector to achieve net zero CO_2 emissions by 2050. It does not rely on emissions reductions from outside the energy sector to achieve its goals. This meets the TCFD requirement of using a "below 2°C" scenario and is included as it informs the decarbonisation pathways used by the SBTi
- Stated Policies ("STEPS"): the roll forward of already announced policy measures. This scenario outlines a combination of physical and transition risk impacts as temperatures rise by 2.6°C by 2100 from pre-industrial levels, with a 50% probability. This scenario is included as it represents a mid-way pathway with a trajectory implied by today's policy settings

Scenarios have been supplemented with additional sources that are specific to each risk to inform any assumptions included in projections. The limitations and assumptions of the scenario analysis are:

- Scenarios often only provide high level global and regional forecasts
- Scenario analysis requires analysis of specific factors and modelling them with fixed assumptions
- We assume Volex has the same carbon footprint and the same business activities in the future as are in place today
- Impacts are be considered in the context of the current financial performance and prices
- Impacts are assumed to occur without the Company responding with any future mitigation actions, which would reduce the impact of risks
- The analysis considered each risk and scenario in isolation, when in practice climate-related risks may occur in parallel as part of wider set of potential global impacts
- Carbon pricing was informed by the Global Energy Outlook 2022 report from the International Energy Agency ('IEA')

There will be opportunities in future years to increase the sophistication of modelling as new data is made available both internally and externally to support a meaningful quantitative assessment.

[3] IEA (2021), World Energy Outlook 2021, IEA, Paris https://www.iea.org/reports/world-energy-outlook-2021/scenario-trajectories-and-temperature-outcomes

Key transition risks

Risk	Carbon pricing within operations	Carbon price within value chain	Failure to meet / maintain expected ESG credentials
Type	Transition (current and emerging regulation)	Transition (current and emerging regulation)	Transition (reputational)
Area	Own operations	Upstream and downstream	Own operations
Primary potential financial impact	Higher costs associated with energy and other inputs.	Higher costs associated with carbon tax on Scope 3 emissions	Loss of revenue associated with loss of business Potential litigation costs as result of breach of contract Possible cost of capital increase
Time horizon	Medium term	Medium term	Short to medium term
Likelihood	Likely	Likely	Possible
Impact	Minor	Significant	Significant
Location or service most impacted	Indonesia, Turkey, China	Global	Global
Metrics used to monitor risk	Scope 1 and 2 emissions	Scope 3 emissions	Rating agency scores (CDP, EcoVadis)

Carbon pricing within operations

The scope of carbon pricing (applied directly or indirectly) is expected to expand over the medium term, and the price of carbon is expected to rise in the drive to make businesses more responsible for their energy use and carbon emissions.

Carbon pricing will be applicable to direct emissions and the emissions from electricity consumed (Scope 1 & 2). This has greater impact on the cable production manufacturing sites that are up to 7x more energy intensive. Additionally, these sites are typically located in regions where there is no stated timeframe for decarbonising the electricity grid. Using the IEA's data on decarbonisation of global energy mixes, a decarbonisation factor can be applied to Scope 2 emissions into the long term. This assumes that Scope 1 & 2 emissions remain unchanged from 2021 and there are no interventions put in place. Based on the NZE scenario, emissions from Scope 2 will reach zero with no immediate action, leaving just Scope 1 emissions. The IEA forecasts that carbon prices (US$/t$CO_2$e) relevant to Volex under NZE and STEPS scenarios are projected to increase as per the following table:

	Carbon Price Estimates (US$/t)		
	2023	**2040**	**2050**
Scenario - STEPS			
Canada	54	62	77
China	28	43	53
EU	90	98	113
Average	57	68	81
Scenario - NZE			
Advanced economies	140	205	250
Major emerging economies	90	160	200
Other	25	85	180
Average	85	150	210

Source: IEA (2022), World Energy Outlook 2022, https://iea.blob.core.windows.net/assets/c282400e-00b0-4edf-9a8e-6f2ca6536ec8/WorldEnergyOutlook2022.pdf

Using an average of the regions within each scenario, an estimate for the impact of carbon pricing of Scope 1 and 2 emissions projected in the long term can be given as follows:

Carbon pricing	2023	2040	2050
STEPS	$861,451	$716,426	$660,295
NZE	$742,749	$150,405	$210,567

This highlights a "Minor" magnitude of impact, which could be further mitigated through the passing of costs on to customers if necessary. Volex has also set a net zero target for 2035 (Scope 1 and 2) and is developing energy and efficiency improvement actions to achieve this.

Carbon price within value chain

The application of carbon pricing may expand to apply to Scope 3 emissions. At present, Volex measures business travel and employee commuting categories under the GHG protocol. However, the potential largest source of Scope 3 emissions for the business are likely to be within Purchased Goods & Services (Category 1) and Use of Sold Products (Category 11), along with contributions from other categories.

The impact of carbon pricing on Scope 3 emissions is currently unknown; however, it can be estimated that it would qualify as higher in magnitude than the carbon pricing of direct operations and therefore has been identified as 'Significant'.

The Group intends to expand its Scope 3 measurement in future reporting as parts of its ambition towards SBTi verification. As the business better understands the upstream Scope 3 hot spots, supply chain management will help mitigate the impact of this risk. Downstream Scope 3 decarbonisation can be mitigated by investing in R&D in more efficient products, and, as most products produced require electricity, it follows that under the NZE scenario, this category would be reduced to zero from 2040 onwards; however, this may vary regionally.

Failure to meet/maintain expected ESG credentials

Volex has obligations to its stakeholders, such as customers, to maintain and show progress against sustainability ratings and frameworks. For example, some customers already require Volex to report through sustainability disclosure platforms such as CDP and EcoVadis to remain eligible as a supplier. The expected growth of the business over the next four years introduces further challenges in terms of managing sustainability. Additionally, while currently not in the forecast of risk, lenders could impose sustainability requirements, increasing the cost of debt used in growing the business.

Failure to maintain customer and stakeholder expectations could lead to loss of business and a damage to business reputation within the market, ultimately leading to lower revenue and difficulty in winning new business. Indirectly, the business could also face litigation through breach of contract for not reaching mandated sustainability scores. From the perspective of lenders, there is no current indication of sustainability requirements tied to debt. However, we recognise that in future this could change and failure to meet possible sustainability requirements could result in higher debt repayments.

While currently meeting all customers' sustainability requirements, maintaining these becomes a challenge, particularly with planned growth in the business. Engagement with customers and external support from consultants is used to aid with Volex's sustainability roadmap and ensure that while the business grows, key sustainability objectives are met.

TCFD
(continued)

Opportunities

Opportunity	Improvements to resource efficiency	Renewable energy installations	Increased market share in products aiding the transition to a green economy
Type	Resource efficiency	Resource efficiency	Energy source
Primary potential financial impact	Decreased costs	Decreased costs	Increased sales
Time horizon	Medium term	Medium term	Medium term
Likelihood	Almost certain	Likely	Almost certain
Impact	Minor	Minor	Serious
Location or service most impacted	Indonesia, Turkey, China	Indonesia, Turkey, China	Global
Metrics used to monitor opportunity	Energy efficiency	Energy consumption	Growth in green transition markets such as EVs

Improvements to resource efficiency

Improvement of energy efficiency and reduction of energy consumption acts as an opportunity to the business. Actions to improve energy efficiency and reduce energy consumption, particularly at the energy intensive cable production plants, will reduce operational expenditure and mitigate the cost of future carbon pricing. The magnitude of this opportunity represents the inverse of the cost of residual carbon emissions from Scopes 1 & 2 identified in the table on page 66. Implementing incremental improvements to production efficiency and responsible energy management would be required to realise this opportunity. Currently 90% of lightbulbs in facilities are LED and other energy improvements are mandated for the coming year.

Renewable energy installations

Renewable energy presents a lower cost opportunity in terms of operating expenditure once installed and also longer term negating carbon pricing on emissions from fossil fuel energy sources. Transitioning to renewable energy sources (self-generation or power purchase agreements) could help in reducing market-based emissions to zero. This opportunity is most impactful in regions that are facing slower decarbonisation of grids such as Indonesia, Turkey, and China. Feasibility studies for self-generation are underway to understand economic viability within specific sites. The Pune, India site already has solar self-generation and in FY2023, a second site located in Henggang, China installed solar self-generation capability. Two further sites already utilise green energy tariffs, and recently approved plans for further expansion in Indonesia include solar generation for the new building.

Increased market share in products aiding the transition to a green economy

As a manufacturer of power and connectivity-related products and solutions, the business is well placed within a variety of markets to aid in the transition to the green economy with its existing customers, for example within the Electric Vehicles market. As electrification across the economy grows, this allows Volex the opportunity of increasing its market share within this space, winning business and increasing sales. This would result in increased sales and growth for the business as the economy moves towards decarbonising. This could include opportunities for new product lines as well as increasing sales of current products. This opportunity increases as more industries transition to net zero. Currently, it is estimated that the growth in products related to electrification will be 20% year on year, with the growth in the EVs market in particular contributing to this. A secondary impact as a result may be an increased reputation with regards to the contribution the products have in the transition.

Working with customers on the latest technologies and how Volex can provide for its customers' needs is key to realising this opportunity. Additionally, Volex will need to remain at the forefront of innovation which is also essential to maintaining a competitive advantage, achieved through sufficient investment in research and development into products used for low carbon technologies.

After considering all the risks and opportunities as outlined in the TCFD's recommendations and the quantification of these risks over the scenarios disclosed above, we have assessed the resilience of our strategy in the climate change scenarios across the Group's financial strength and strategic robustness. We conclude that the Group's strategy is resilient to climate change, with financial impacts classified as "Serious" at worst, but likely lower. In addition, mitigating actions currently in place or planned in the future further reduce or eliminate the impact of these risks.

Metrics and targets

Volex discloses a wide range of metrics used for assessment of climate-related risks and opportunities including GHG emissions, energy consumption data, water use efficiency and waste data. See pages 66 to 67 for full data disclosure.

During FY2023 we have set our emissions target of net zero by 2035 (Scopes 1 and 2) and net zero by 2050 (Scopes 1, 2 and 3). Action plans have been put in place to reduce emissions through energy reduction and efficiency improvements. In Q1 2023, Volex submitted its commitment to the SBTi process and is working towards setting and validating its science-based targets. For further information on our targets see page 67.

We have not currently set an internal carbon price; however, this may be used in future to assess large capital expenditure and investment activities.

Streamlined Energy & Carbon Reporting (SECR) Statement FY2023

Company information

Volex plc (the "Company" and together with its subsidiaries the "Group") is a public company limited by shares domiciled and incorporated in the United Kingdom under the Companies Act 2006. Its shares are listed on AIM, a market on the London Stock Exchange. The address of the registered office is given on page 191.

Quantification and reporting methodology

For our reporting on Scope 1, 2 and 3 we have followed the GHG Protocol and the 2013 UK Government environmental reporting guidance as defined in The Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013 and The Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018. The full global operations have been included within this assessment. The financial boundary was reviewed and has been determined that all material emission sources have been captured within the assessment boundary. We are working towards reporting against the remainder of our Scope 3 emissions. The figures relate to the required elements of each Scope 3 category.

Table 1: Total Volex GHG emissions for the period 1 April 2022 – 31 March 2023* (tonnes CO_2e[1] unless stated)

* All sustainability data is reported using full calendar months. Therefore, there is a minor difference in our reporting periods.

	2022/23			2021/22		
Global GHG emissions data in metric tonnes CO_2e	**UK and offshore**	**Global (excl. UK and offshore)**	**Group Total 2022/23**	**UK and offshore**	**Global (excl. UK and offshore)**	**Group Total 2021/22**
Scope 1[1]: Direct GHG emissions						
Site diesel	–	56	56	–	76	76
Refrigerants	–	183	183	–	210	210
Site natural gas	18	421	439	13	451	464
Company vehicle fuel use (including LPG)	–	41	41	–	41	41
Company owned vans/lorries	–	30	30	–	122	122
Company owned car travel	1	80	81	–	89	89
Total Scope 1	19	811	830	13	989	1,002
Scope 2: Indirect GHG emissions						
Grid electricity non-renewable	6	18,929	18,935	2	18,469	18,471
District heating emissions	–	235	235	–	265	265
Total Scope 2 (location based)	6	19,164	19,170	2	18,734	18,736
Total Scope 1 and Scope 2 emissions	25	19,975	20,000	15	19,723	19,738
Intensity metric:						
Scope 1 & 2 GHG emissions per $M turnover[2]	0.2		27.7	0.1		32.1
Scope 3: Indirect emissions in the value chain						
Employee commuting incl. home workers emission	–	–	n/a[3]	–	–	n/a
Grid electricity non-renewable (T&D)	1	1,270	1,271	–	1,235	1,235
District heating T&D emissions	–	12	12	–	14	14
Business travel (rail, flights, taxi)	–	562	562	–	436	436
Total Scope 3 emissions	1	1,844	1,845	–	1,685	1,685
Total gross CO_2e (Scope 1+2+3) (location based)	26	21,819	21,845[4]	15	21,408	21,423
Total energy consumption (Scope 1+2) (kWh)	396,343	38,296,519	38,692,862	154,283	39,354,386	39,508,669

	2022/23			2021/22		
Renewables[5]	**UK and offshore**	**Global (excl. UK and offshore)**	**Group total 2022/23**	**UK and offshore**	**Global (excl. UK and offshore)**	**Group total 2021/22**
Renewable energy consumption (kWh)	260,803	181,252	442,055	77,110	–	77,110
On-site generated kWh	–	115,555	115,555	–	–	–
Combined renewables energy consumption (tCO_2e)	51	192	243	18	–	18

1 CO_2e – tonnes of carbon dioxide equivalent emissions, this figure includes GHGs in addition to carbon dioxide.

2 Intensity ratio of gross global emissions in tonnes of CO_2e per $M revenue chosen as a common business metric for our industry sector. One acquisition was completed in the reporting year (Review Display Systems Limited). Emissions are recorded from day one of the acquisition as part of our integration activities.

3 Homeworker emissions are excluded from the Scope, they amount to 1% of the total emissions and so are not material to the overall results.

4 This excludes the 243 tCO_2e from our consumption of certified renewable energy so the gross total emissions for FY2023 is 22,087 tCO_2e.

5 Although on-site Company-owned solar power generation should be categorised in Scope 1 we have presented our use of renewables and the associated emissions 'avoided' separately as they represent zero emission power.

Table 1 shows the GHG emissions for the Group, broken down by Scope 1, Scope 2 and some Scope 3 emissions for FY2023 and FY2022. Our reported emissions have increased this year by 2% as a result of our expansion through acquisition and an overall revenue growth rate of 17.6%. Our emissions intensity has reduced by 13.7% for the FY2023.

Emissions by region (tCO_2e)

Region	FY2023
UK	**26**
Americas	**2,013**
China	**10,012**
Asia Pacific	**6,282**
Europe & Turkey	**3,512**
Group total emissions	**21,845**

Targets

We are committed to playing our part in reducing our emissions (Scope 1 and 2) to net zero by 2035. We have also committed to setting science-based targets aligned to and verified by the Science Based Targets initiative. We will bring our total Scope 1, 2 and 3 emissions to net zero by 2050 or as otherwise agreed by the international community. By the end of FY2025 we will come up with a detailed road map and science-based targets. We have defined FY2022 as our base year for emissions and fuel consumption performance given the recent implementation of our comprehensive sustainability reporting platform.

For the purposes of our net zero ambitions and to demonstrate improvements made in recent years, our base year will be FY2019.

We are committed to reducing the carbon emissions associated with our operations. We have delivered a 13.7% reduction in carbon intensity per $M revenue compared to the prior year. We have established energy efficiency as a key pillar within our factory sustainability framework and improvement ideas generating energy efficiency are already being identified through our Group-wide kaizen activities.

Data assurance

In FY2023, we engaged Carbon Footprint Ltd to undertake an independent verification of our carbon footprint assessment and supporting evidence for our FY2023 reporting on our Scope 1, 2 and 3 emissions. A copy of their report is available on our website. The verification undertaken by Carbon Footprint Ltd was conducted in accordance with ISO 14064-3 (2019): Greenhouse gases- part 3: 'Greenhouse Gases: Specification with guidance for the verification and validation of greenhouse gas statements.' Page 3 of the Carbon Footprint Report confirms that this provides a limited level of assurance. Page 13 of the Carbon Footprint Report confirms that Volex has established appropriate systems for the collection, aggregation, and analysis of quantitative data for determination of GHG emissions for the stated period and boundaries.

A Responsible Business
Social impact

For information about individual regions and factories, please visit our website volex.com

Social Impact SDGs

With a workforce of over 8,000 across 22 countries our focus is to ensure a positive social impact.

Good health and well-being
Our products enable advanced medical technologies

Quality Education
We encourage all employees to learn and develop new skills and gain qualifications

Gender Equality
We are committed to equal opportunities for all persons

Decent work and economic growth
Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all

Reduced Inequalities
Our workforce spans 22 countries and we adopt consistent employment policies and practices

Our Responsible Business Goal is to create an environment where our people can be at their best. This aligns with a number of the UN's SDGs specifically: 3 "Ensure healthy lives and promote well-being for all at all ages", 4 "Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all", 5 "Gender equality", 8 "Decent work and economic growth", and 10 "Reduced inequalities".

Introduction

At Volex we believe that being a responsible business starts with ensuring the health and safety and well-being of our workforce. We have therefore prioritised safety-related improvements. Creating a safe working environment is a foundation to building an engaged and stable workforce within any manufacturing organisation. With a great safety culture in place we can progress to develop a world class culture that values diversity and inclusion, learning and employee engagement.

Health, safety and well-being

Our Responsible Business Goal is to improve the physical and mental health and well-being of our employees and to provide them with a safe place to work. This aligns with the UN's SDG 3 "Good health and well-being".

We are committed to ensuring that all of our employees have a safe place to work. Our people are our most important asset and as a manufacturing company our primary focus is on ensuring safety in our factories. We achieve this through ensuring robust health and safety management systems and through a strategy of risk reduction and accident and injury prevention.

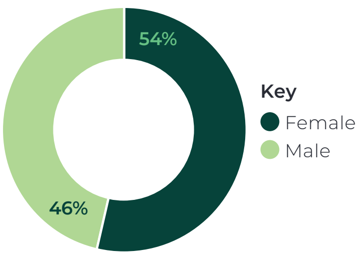
Our primary KPI for safety is the number of lost time accidents which we define as being any injury accident that results in more than one day of time loss. We are determined to reduce the number and severity of accidents in our operations. In FY2023 we had 24 lost time accidents and we were able to reduce our accident frequency rate to 1.24 lost time accidents per million hours worked. Both indicators show a good improvement on the prior year.

We have not had a fatality in our business in the period FY2020 to FY2023 inclusive.

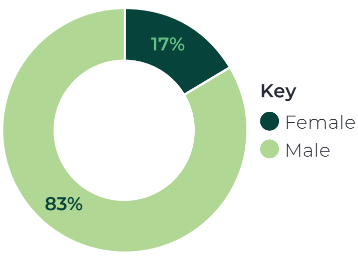
Our severity rate increased compared to previous years as a result of an increase in lost time accidents involving workers coming into contact with moving machinery.

Gender Diversity

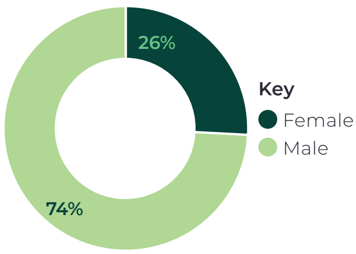
Total Workforce



The Board



Management



	FY2023	FY2022
Number of fatal accidents	–	–
Number of lost time accidents	**24**	30[1]
Number of sites with zero lost time accidents	**9**	8
Number of all injury accidents	**186**[3]	32
Accident frequency rate	**1.24**	1.78[2]
Days lost due to lost time accidents	**717**	541
Accident severity rate	**0.04**	0.03
Number of onsite plant safety reviews	**14**	3
Workforce (%) covered by ISO 45001	**61**	51
Number of employees receiving H&S training	**6,544**	6,712

1 In FY2022 we reported 29 lost time accidents. After going to print we identified a further accident for FY2022.

2 The increase in all injury accidents in FY2023 is due to an increase in the number of sites reporting this data compared to FY2022. In FY2023 we are commencing the systematic reporting of near miss incidents.

3 We have restated our FY2022 accident frequency rate using full year data instead of March 2022 data.

Note, the scope of our health and safety reporting disclosures covers the entire workforce inclusive of accidents or injuries incurred by those contractors, temporary or agency-based workers who support our business. Acquired businesses report accidents and incidents from day one.

With the implementation of V-SRS we started reporting on all injury accidents (186 in FY2023). In FY2024 we will commence the systematic reporting of near miss incidents.

We know that the primary cause of lost time accidents (81%) historically has been employees injuring their fingers and hands often when coming into contact with moving machinery. In FY2023 such accidents represented 46% of our total lost time accidents (43% in FY2022). Since FY2020 we have increased our emphasis on machinery safety and have seen some significant improvements in key sites.

A key element of our safety management system is to ensure all sites maintain a certified health and safety management system. 61% of our global workforce is employed in a plant with ISO 45001. We have set a target for all remaining sites to achieve this standard by the end of FY2026. Compliance with these management systems is ensured through an external audit process with independent assessments by companies such as TUV and Intertek. In FY2023 we trained 6,544 employees in health and safety.

Actions taken to improve health, safety and well-being

Since 2019 we have adopted a rigorous approach to reducing levels of risk across all of our factories. We have implemented our Group Health and Safety policy, approved by the Board, to all sites and we require all sites to follow our Group's incident reporting process ensuring that all serious incidents are quickly and professionally reported to management, including the Group Chief Operating Officer. Every lost time accident is investigated by the local management team and every incident report and corrective action plan is reviewed by our Group HR Director. Feedback on safety causation and trend information is regularly provided to the Board through the Safety, Environment and Sustainability Committee. With the constraints from Covid-19 easing we have expanded our Plant Safety Review programme during the year and completed 14 site safety reviews. We have continued to provide additional support to the two sites in Turkey that are responsible for the greatest number of our lost time accidents and accident rates within these two sites have fallen by 60% compared to the prior year.

Many of our sites including our factories in Tijuana (Mexico), Batam (Indonesia), Bydgoszcz (Poland) and Hanoi (Vietnam) organise annual health checks for all employees and provide flu vaccinations and other preventative measures.

Diversity

We are committed to developing a diverse and inclusive workforce and to be an equal opportunity employer and this is enshrined within our Group Code of Conduct endorsed and overseen by our Board. We believe that the ability of our employees to progress within the Company must only be linked to their efforts and abilities. Our overall workforce gender diversity is well balanced with 54% of our workforce being female and the global nature of our operations ensures a broad representation of nationalities exist across our workforce. Female colleagues represent 26% of our global management team and 17% of our Board. Each year, we aim to deliver training on equal opportunities and diversity-related topics to our workforce. 5,642 employees received this training in FY2023. Some of our sites have achieved local recognition for their work to support the employment of individuals with disabilities. Our DE-KA business was one of 20 companies in the Kocaeli region in Turkey to receive such an award in FY2023.

A Responsible Business
Social impact
(continued)

Talent development and performance management

Volex is committed to promoting career development within our workforce. All of our businesses are proactive in anticipating both short and long-term employment needs and skill requirements. All employees are encouraged to actively engage in their career development and training opportunities are available across the Group. Since 2020 we have operated a robust talent review process in Q1 of each financial year. 2,214 colleagues (26% of our workforce) received an annual review during FY2023. For our senior 300 employees we manage their performance with an online performance management system. First implemented in FY2021, this system ensures clarity of role, alignment of objectives, regular reviews and feedback and a consistent year-end evaluation. Our shop floor-based employees receive skills-based assessments each year but these are local processes and are excluded from the management and staff review processes and from the numbers reported above.

Training and development

Since FY2022 we have started to record our investment in training hours and spend across our business. With greater data available for FY2023 we saw a year-on-year increase in training and development. In FY2023 we recorded 104,238 hours of training (14 hours per person compared to 8 hours per person in FY2022). This training represented an investment in 'off the job training' in excess of $367,000.

Engagement within our communities

The communities in which we operate are vital to our workforce and many of our sites have continued to engage proactively with their communities, supporting a variety of important causes. In FY2023 across the Group we donated $26,417 in cash to recognised charities, and our DE-KA sites made substantial non-cash contributions to the disaster recovery efforts after the earthquake that affected Turkey and Syria in February 2023. In January, our Batam team supported the Indonesian Red Cross with a blood donation programme and in the same month our Tijuana team organised a food collection event for a local children's care home.

Workforce engagement and culture

Our goal is to create a great place to work for our employees. We have adopted two key measures to assess the levels of workforce engagement. As part of our growing focus on sustainability we provide regular updates on issues affecting workforce engagement and culture to the Board via the Safety, Environment and Sustainability Committee. In FY2022 we established a base year for a comprehensive set of performance indicators for our global workforce, including absenteeism and turnover. Absence and turnover levels are powerful indicators of our workforce culture and levels of engagement. Alongside other indicators such as the success of employee referral programmes (where colleagues recommend Volex as a great place to work to encourage friends and colleagues to join our workforce), we can get an insight into the levels of engagement within the business. In FY2023 many of our sites organised workplace celebrations for a variety of occasions, including festivals, religious holidays, seasonal celebrations and global recognition events such as International Women's Day on 8 March. Our Suzhou, China site completed a successful pilot of a workforce engagement survey and employee listening exercise during FY2023 and we would expect to expand the scope of this workforce engagement programme in the coming years.

Absenteeism

Absence levels are a powerful indicator of culture and levels of employee engagement. We have established a global framework to monitor absence consistently. We use an adjusted measure for absence within the business that excludes hours of holiday, maternity leave and 'off the job' training. Total absence levels are also recorded. In FY2023, 3.6% of all worked hours (on average each month) were lost due to absence factors including sickness but excluding holidays, training and maternity leave. Many of our sites make substantial efforts to promote health and wellbeing within our workforce. In our Tijuana, Mexico site they introduced a programme of calisthenics during each shift to help our employees maintain their health in the workplace and this acts as a preventative measure for ergonomic injury or absence.

Employee turnover

Turnover levels are another powerful indicator of culture and provide an indication of employee engagement levels although they can be affected by external factors, including changes to the local labour market. Our focus is to reduce voluntary employee turnover. This means where the employee decides to end their employment relationship compared to the expiry of a fixed term employment agreement or where an employment agreement is terminated for some other substantial reason such as misconduct or a restructuring. For FY2023, total workforce turnover across the Group was 4.7% (average monthly turnover) although some sites continued to face local challenges of high turnover, particularly within their shopfloor-based roles. If the expiry of short-term or fixed-term contracts is excluded from this data then the adjusted workforce turnover for FY2023 was 3.4%.

Employee referral programmes

We believe in the principle that our employees should be the best ambassadors of our business. We therefore encourage every site to operate an employee referral programme whereby employees can financially benefit if they refer a potential employee who then is hired and succeeds in their role. In our first year of recording this data we can report that 11% of our hires came through employee referral programmes. This is a key area of focus for our sites and especially in those sites who do not currently have a referral programme in place.

A Trusted Business
Governance and Compliance

For information about individual regions and factories, please visit our website volex.com

Governance Impact SDGs

We use our code of conduct and strengthened governance to build trust and integrity

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

Industry, innovation and infrastructure
Our products support the development of advanced and sustainable technologies

Introduction
Ensuring that the business operates an effective governance framework is a key challenge for us as we continue to grow. Providing clear guidance to all employees, especially those who join the Group through an acquisition, is an essential task so that we can ensure fairness and consistency around compliance and ensure that any concerns are quickly identified and corrected.

Volex Code of Conduct
We have a well-established Code of Conduct that provides a foundational framework for all sites to use to train our employees in the core principles, policies and values of our Company. We have commenced a programme of work to update and refresh our Group's Code of Conduct and this workstream will continue into FY2024.

Whistleblowing and Speak Up
We upgraded our Speak Up policy during FY2022. Our Speak Up policy framework is communicated to all employees in local languages. We have invested in the NAVEX EthicsPoint system to provide an independent incident response and reporting solution and implemented this across the Group, providing access and information in 12 local languages. Our Speak Up policy is available on our website. In FY2022 we reported no cases. In FY2023 we have had 18 cases. All cases are reported to the Board's Audit Committee.

Anti-bribery and corruption
As a Company we prohibit any form of bribery and corruption. We have a clear policy on anti-bribery and anti-corruption which has been reviewed and approved by the Board, covering all elements of our workforce. This policy is available on our website. Our commitment is also enshrined within the Group's Code of Conduct. Each year all eligible employees are required to undertake Anti-Bribery and Anti-Corruption e-learning. In FY2023, 523 (98% of eligible) employees completed this training programme. Eligible employees include those in sales, procurement and other management and administrative functions. All training is evaluated and the FY2023 programme received ratings of 4.5/5.0.

Modern slavery and human rights
We fully support the principles for human rights established by and recognised by the international community and those which are enshrined within the UK's Modern Slavery Act 2015. As a business operating within the electronics industry we comply with the requirements of the RBA (Responsible Business Alliance) and our largest sites are regularly audited under this framework. In FY2023 our largest plant located in Batam, Indonesia achieved Gold accreditation and two others achieved a Silver rating. The RBA's framework is aligned to the UN's Guiding Principles on Business and Human Rights and is derived from and respects international standards, including the ILO Declaration on Fundamental Principles and Rights at Work and the UN's Universal Declaration of Human Rights. We publish our annual Modern Slavery Statement onto the UK Government's portal and this is reviewed and approved by our Board of Directors. Our Modern Slavery Statement is available on our website. There were no reported violations of human rights in FY2023.

Cybersecurity
The Company has a robust information systems, technology and cybersecurity framework. Business Continuity Principles are in place across the Company and are subject to regular testing. A management Cybersecurity Committee meets periodically with a cross-functional management group to assess progress. Every month, 1,680 eligible employees complete quick bite-sized cybersecurity training to ensure we stay alert to these risks.

Conflict minerals and responsible minerals
Volex has a dedicated policy addressing the issue of conflict minerals. We are committed to avoiding the use of conflict minerals in our products, and we ask our suppliers to ensure that materials used in components and products they supply to us, including tin, tantalum, tungsten and gold, are conflict-free. Our Responsible Minerals Policy is available on our website.

Environmental management and sustainability
Our commitment to sound environmental stewardship is enshrined within the Group's Code of Conduct which has Board approval and oversight through the Safety, Environment and Sustainability Committee. We are committed to minimising the impact of our business on the local environment in which we operate. In FY2023 we have strengthened the alignment of our sustainability strategy to the United Nations Sustainable Development Goals to ensure that as we develop our strategy we are clear on how our efforts align with the wider sustainability agenda.

In FY2023 we have agreed an enhanced governance structure reporting into our Board to ensure that responsibilities and accountabilities for delivering on our commitments in sustainability are properly cascaded into our regional management teams who are best placed to drive the improvement activities within their regions.

Environmental management systems

A key element of our environmental policy is to ensure that all our factories have an environmental management system that is accredited to international standard ISO 14001:2015. 87% of our global workforce currently works in a factory which is ISO 14001 certified. Compliance is ensured through our internal audit process together with regular external independent audit assessments. We did not receive any environmental fines or penalties in FY2023.

Stakeholder Engagement

As a responsible organisation, we understand the importance of establishing positive relationships with all our stakeholder groups. Our stakeholders, including customers, employees, shareholders, suppliers and the wider community are critical to our success, and we believe that proactive and constructive engagement is essential in building long-lasting, trusting relationships with them.

To achieve this, we have implemented various measures to ensure that we engage with our stakeholders in a meaningful way. We believe that regular communication is key, and we communicate with our stakeholders through a variety of channels, including social media, surveys, meetings, and events. By using multiple communication channels, we can reach a broader audience, enabling us to address issues promptly, respond to feedback and build stronger relationships.

Our remarkable talent

Why we engage

At Volex, our employees are a critical asset to the business and are integral to delivering on our customers' expectations. Therefore listening to the views, observations and improvement ideas from our employees is an essential part of ensuring our success.

How we engage

Engagement models vary across the business depending on the size and scale of the factory but they are also shaped by the systems, policies and culture in each location. Some sites are unionised and will have collective bargaining processes to enhance communication and collaboration between management and our workers. Other sites use employee engagement surveys or suggestion schemes to encourage employees to contribute their views. Some sites will have employee representative structures or staff committees to support employee engagement.

Outcomes of our engagement

We measure successful engagement in a wide variety of ways. Tangible examples include the number of kaizen ideas generated by each site, or the number of kaizen teams at each location. From a people perspective, absence, employee turnover and safety statistics can all reflect levels of engagement.

Our customers

Why we engage

At Volex, understanding our customers' needs is our first priority. Across the Group we promote a continuous process of engagement with our customers.

How we engage

All of our sites have formal processes in place to track our performance against a variety of customer key performance indicators. These are reviewed on a daily basis by local management and by top management on at least a monthly basis. Structured engagement with our customers varies according to the scale and nature of the customer relationship. Our largest customers will have dedicated directors or key account managers supporting them and our smaller customers will have direct access to customer service, sales or program management professionals. As a global manufacturer we expect all of our business general managers to have regular engagements with their customers.

Outcomes of our engagement

Achieving sustainable revenue growth and deepening our customer relationships are our central goals, however we thrive on a collaborative and partnership approach where we can work together with our customers to meet their expectations and to help them achieve their own strategic goals. We are honoured as a supplier to receive their visits, their comments and improvement observations and of course we are thrilled to receive their formal commendations and awards.

Our suppliers

Why we engage

As a global manufacturer we work with suppliers all over the world and all are valued partners. Many of our components and assemblies are required for safety or mission critical applications whether they are being used to supply an EV customer contributing to the decarbonisation of the transportation sector or a Medical equipment manufacturer producing life saving imaging systems. Together with our suppliers we work in a complex ecosystem of supply and demand all working together to deliver outstanding products and solutions to our end use customers.

How we engage

We have a global team of supply chain and procurement professionals all focused on building effective and sustainable supply chain capability. Through regular engagement, audit programs and close communication we work together with our suppliers to ensure our supply needs are fulfilled whilst being constantly vigilant of the wide range of potential risks that can exist within our supply chain including in the areas of modern slavery and responsible minerals.

Outcomes of our engagement

As a business we measure the success of our supplier engagement in many different ways but the ultimate goal is stability and predictability of supply so that we can meet our customers' needs. Through revenue growth and customer commendations we can demonstrate the important contribution from our supply chain partners.

Communities and environment

Why we engage

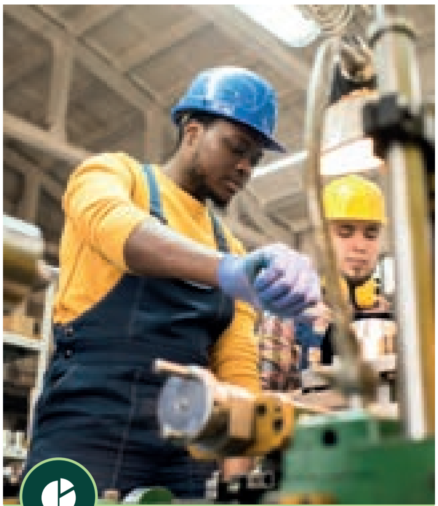
As an employer we understand the importance of the communities that surround our 19 factories. Each one is important and different reflecting the different geographical locations where our factories are located. Some are in rural areas and others based in inner-city locations or in industrial parks. However, we are dependent on all of them.

How we engage

Community engagement is always driven through our local teams and reflects the size and scale of our operations in each location. Engagement includes working with local schools and colleges to develop beneficial partnerships. Other sites proactively engage with representatives from the local government or town administrations. Other initiatives include family or open days where employees' families can gain a deeper understanding of our business. Some sites support charitable programmes including blood donation or they raise funds for other related health charities.

Outcomes of our engagement

Being a good corporate citizen and a valued member of the communities in which we operate can be measured in many ways. We see direct benefits in the stability of our workforce and encourage our employees to act as ambassadors for our business in the local community. Proactive requests for visits from local VIPs or from local colleges and universities are all signs that the community values our presence.



Our shareholders

Why we engage

All Volex shares are publicly traded on AIM and each carries equal value and an equal vote for any members' resolutions. The Board does not make any distinction between the Company's shareholders.

How we engage

The Executive Chairman is a major shareholder which helps us to align his interests with those of other shareholders. Our Board of Directors are usually available to answer questions from shareholders at the Company's Annual General Meeting.

Outcomes of our engagement

We listen carefully to the feedback from our shareholders and prioritise the long term sustainable development of the business. Our Remuneration policy, specifically our use of Long Term Incentives is structured to align the interests of key executives with the longer-term interests of our shareholders by rewarding them for delivering sustained increases in shareholder value.

Section 172(1) Statement

The Companies (Miscellaneous Reporting) Regulations 2018 require Directors to include a statement in the Strategic Report describing how they have had regard to the matters set out in sections 172(1)(a) to (f) of the Companies Act 2006. This section 172 statement explains how the Company's Directors have, as well as the interests of shareholders, also taken into account the following issues.

The likely consequences of any decision in the long term

As a global business working in the high-technology sector, the Board is always conscious of the longer-term impact of decisions and the changing context in which the Company operates. The Board met on multiple occasions across the year to ensure a close alignment around our strategy. Further details of the Company's strategy and longer-term objectives can be found in the Executive Chairman's Statement on pages 12 and 13, in the Strategy section on pages 24 to 27 and in the Chief Operating Officer's Q&A on pages 30 to 32.

The interests of the Company's employees

The Board has shown its commitment to supporting and managing the development of its staff through its continuous focus on developing the culture and capability of the business. Over the year, the Board has stayed close to the business as it has dealt with the ongoing effects of the global pandemic, inflation and global supply chain challenges. Discussions with executive management have focused on growth, talent, succession planning and a strategic investment in key skills and capabilities to underpin the delivery of the strategy. Employee safety remains a priority and is one of the Company's KPIs, while 'People' is one of the five key strategy pillars. The activities recently undertaken to improve employee engagement and welfare are set out in the Executive Chairman's Statement on pages 12 and 13, and in more detail in the 'Social Impact' section of the Sustainability Report on pages 68 to 70. The Safety, Environmental and Sustainability Committee Report can be found on pages 96 to 97.

The need to foster the Company's business relationships with suppliers, customers and others

The Company maintains long-term relationships with many customers, suppliers and other business partners, including its professional advisers. The nature of its business, with many products requiring safety and other technical certifications, ensures close co-operation with partners and the development of strong business relationships. Further information on the Company's business relationships can be found in the Strategy section on pages 24 to 27, the Chief Operating Officer's Q&A on pages 30 to 32, and the Performance and Financial Review on pages 33 to 43.

The impact of the Company's operations on the community and the environment

The Company continues to examine ways in which its impact on the community and environment, whether local or global, can be managed and mitigated, as set out in the Sustainability Report on pages 50 to 56. The Company maintained regular monitoring and reporting of its energy use and carbon emissions even when that was not compulsory for AIM listed companies. The Board is providing oversight to the Executive team's focus on sustainability to ensure the development of science-based targets, a decarbonisation roadmap and an evidence-based action framework that delivers against the principles defined within our Environmental policy. Details of the Company's commitment to engagement with the local community can be found in the Social Impact page 70 and Stakeholder Engagement on page 75.

The desirability of the Company maintaining a reputation for high standards of business conduct

The Volex Group has a clear Code of Conduct regarding its ethical and business standards, formally approved by the Board, and numerous more specific Company policies which support and feed into that code, relating to financial matters, health and safety issues, environmental standards, employment practices, modern slavery, conflict minerals and other matters. Company policies are hosted on the Company intranet site and are communicated to new staff on entering employment. Suppliers are required to sign an equivalent document which confirms their commitment to abide by similar standards. The Company has an upgraded compliance hotline and an independent compliance reporting system. Every year, senior management for individual production sites and cross-company areas of responsibility in all the subsidiary companies are required to sign a Certificate of Compliance with the main code and with other key policies, confirming their adherence to them. More details on the Company's ethical values and standards can be found in the Sustainability Report on pages 72 to 73 and in the Corporate Governance Report on pages 84 to 89.

The need to act fairly as between members of the Company

All Volex shares are publicly traded on AIM and each carries equal value and an equal vote for any members' resolutions. The Board does not make any distinction between the Company's shareholders and currently does not issue different types of shares. The Executive Chairman is a major shareholder, which helps align his interests with those of other shareholders. All of the Company's Directors, including the Non-Executives, are usually available to speak to shareholders and answer questions at the Company's Annual General Meeting ('AGM'). Smaller shareholders are often the most regular attendees and active in questioning the Board at the AGM.

The Strategic Report, as set out on pages 2 to 76, has been approved by the Board.

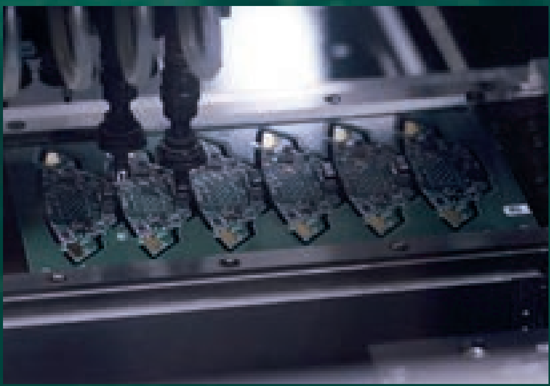
On behalf of the Board

Nathaniel Rothschild
Executive Chairman

Jon Boaden
Chief Financial Officer

21 June 2023

Governance



Investment in Surface Mount Technology

As we grow our business, we are constantly looking at ways we can expand our capabilities.

Prior to FY2020 we had no Printed Circuit Board assembly ('PCBa') capability within the Volex Group. We began to build up the Group's ability to deliver these products with the acquisition of Servatron at the end of July 2019. The Servatron team provided Volex with extensive product expertise and decades of industry experience.

Last year we expanded our higher-level assembly offering through the acquisitions of Irvine Electronics in California and inYantra in India. These acquisitions allowed us to be able to provide low to medium volume PCBa through our sites in North America and high-volume manufacturing in India.

During FY2023 we have been through a process of expanding, upgrading and replacing our Surface Mount Technology ('SMT') lines and ancillary machines which are required to produce PCB assemblies. This has included significant investment in our North American sites, replacing and upgrading the SMT lines in Servatron and Irvine, whilst purchasing two new lines for our production facility in Tijuana, Mexico.

Markets served
Our PCBa fabrication and assembly solutions are used in a wide variety of applications serving Aerospace, Defence, Industrial and Medical, amongst other areas. Our investments this year provide us with the platform to expand both the customers and the market sectors that we serve.

Volex PCBa capability
With the acquisitions made in previous years alongside the investments in FY2023, Volex offers:

- Global manufacturing footprint with fully-automated SMT lines in factories in the USA, Mexico, and India
- High reliability experience in Defence and Aerospace markets with products manufactured to stringent specifications
- Mid/high volume capabilities with state-of-the-art equipment
- World-class quality systems with factory-specific quality standards
- Vertical integration of Integrated Manufacturing Services offering

4
Production sites with PCBa capability

$9.5m
invested in PCBa capability in FY2023

Contents

Board of Directors

Nathaniel Rothschild
Executive Chairman

N S

Nathaniel Rothschild joined Volex in 2015 as a Non-Executive Director and quickly became Executive Chairman.

Nathaniel has extensive experience in principal investing and corporate finance and has held a significant number of directorships over the years. Through his investment company NR Holdings Ltd, Nathaniel is the largest shareholder in Volex plc.

Nathaniel holds a degree in History from Oxford University and an MSc in Addiction Studies from King's College London. Nathaniel was appointed as a Foundation Fellow of Wadham College, Oxford, in 2018.

Key areas of expertise:
Sales and marketing, strategic planning and business development in developed and emerging markets.

Jon Boaden
Chief Financial Officer

Jon Boaden joined Volex in 2019 as deputy Chief Financial Officer. In November 2020, Jon was promoted to the role of Chief Financial Officer and was also appointed to the Board of Directors.

Jon's early career saw him hold a variety of positions within Cable and Wireless and also Vodafone. Prior to joining Volex, Jon held the roles of Group Financial Controller and Interim Chief Financial Officer for Williams Racing.

Jon has a degree in Politics from Manchester University and qualified as a Chartered Accountant with Ernst & Young in 2004.

Key areas of expertise:
Finance transformation, acquisitions and integration, raising finance, managerial finance experience with leading technology-focused organisations, strategy.

Dean Moore
Senior Non-Executive Director

A R N

Dean Moore was appointed as a Non-Executive Director on 18 April 2017.

Dean is a Chartered Accountant with extensive public company experience and was previously Chief Financial Officer at Cineworld plc, N Brown Group plc, T&S Stores plc and Graham Group plc, and formerly a Non-Executive Chairman of Tuxedo Money Solutions Limited and a Non-Executive Director at Dignity plc. He is currently Senior Independent Director, Chairman of the Audit Committee and Chairman of the Remuneration Committee at Cineworld plc; Non-Executive Director and Chairman of the Audit Committee at Griffin Mining Ltd; and Interim Chairman of the Remuneration Committee and Chairman of the Audit Committee at THG plc.

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

The Board in Numbers

Board tenure

1-3 years
4 years or more

Executive split

Executive Chairman
Executive Director
Non-Executive Director

Jeffrey Jackson
Non-Executive Director

S R

Jeffrey Jackson was appointed as a Non-Executive Director on 30 July 2019.

Jeffrey holds a BA in Cultural Anthropology from Michigan State University and undertook post-graduate Business Studies at the University of Phoenix. He is professionally credentialled in Supply Chain, Quality and Project Management and has over 30 years' practical experience in sourcing, manufacturing and distribution operations.

Jeffrey retired from his position at Parker Aerospace in December 2022, after a career in Operations and Supply Chain Management spanning 48 years.

Key areas of expertise:
Operations and supply chain management, planning, sourcing, manufacturing and distribution operations in several market segments, including Automotive, Electronics, Aerospace and Medical devices.

Sir Peter Westmacott
Non-Executive Director

N

Sir Peter Westmacott was appointed as a Non-Executive Director on 12 November 2020.

Peter retired from the Foreign and Commonwealth Office in 2016. Over a 43-year diplomatic career Peter held a number of high profile positions including being the British Ambassador to Turkey, France and the USA. On retiring from diplomatic service Peter has taken on a number of roles, including as an independent Non-Executive Director at We.Soda Ltd, Ciner Glass and Glasswall Holdings. Peter is Chair of Tikehau Capital UK, a Distinguished Ambassadorial Fellow at the Atlantic Council and a Senior Advisor to Chatham House.

Peter has a master's degree in European History and French from New College, Oxford.

Key areas of expertise:
Extensive diplomatic experience in countries and regions of strategic relevance.

Amelia Murillo
Non-Executive Director

A R

Amelia Murillo was appointed as a Non-Executive Director on 26 January 2021.

Amelia holds a BSc in Accounting from the University of Southern California and an Executive MBA from the University of California in Los Angeles. Amelia is a Certified Public Accountant and has over 20 years' practical experience in finance, administration and management consulting. Amelia is currently Vice President of Finance and CFO for Carlisle Fluid Technologies.

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

Committee Membership:

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

Executive Chairman's Introduction

A clear strategy helps to prioritise innovation, allocate resources effectively, and stay ahead of competitors in a rapidly changing market.

Nathaniel Rothschild
Executive Chairman

Our well-defined strategic plan, combined with our focus on delivering key objectives and milestones, is yielding significant growth and expansion. Our management team, guided by our Board of Directors, establishes the strategy that drives the success of our Group. The Board and management team are committed to delivering on our strategy and ensuring the long-term growth of the business. The Group has a strong track record of delivering against its strategic plan, which includes continued growth in revenues and earnings per share. The focus for FY2024 is to continue to deliver on the strategic goals set out in our five-year plan and to ensure we continue to grow the business profitably.

Our Board is dedicated to ensuring the long-term success of the Group by balancing our interests with those of shareholders, employees and other stakeholders. Our regularly scheduled Board meetings provide us with the opportunity to consider a wide range of perspectives, as well as benefit from our Board members' experience in making decisions. As Executive Chairman, I am responsible for facilitating discussions among all Board members so that each one can share his or her views and opinions.

Over the last five years, we have expanded rapidly and enhanced our capabilities. But with diversification comes increased complexity – which makes good governance all the more important. We are dedicated to maintaining high standards of corporate governance across our leadership team. We continue to follow the Quoted Companies Alliance Corporate Governance Code (the 'QCA Code') and we comply with the provisions of the QCA Code, with some exceptions.

Our executive leadership structure includes my position as Executive Chairman. While we do not fully comply with the requirements of the QCA Code in this respect, we acknowledge that there are benefits to combining these roles – including helping our decision-making processes and accelerating implementation of new strategies. The Board is content to maintain the current leadership arrangement as it believes that it will continue to deliver significant progress for the Group.

Our Corporate Governance Report is set out on pages 84 to 89 and explains how we manage the Group in order to follow the provisions of the QCA Code, as well as corporate and business standards and best practice more generally. It also sets out further details about the activity of the Board and its various Committees during the year.

We believe that good corporate citizenship and social responsibility are essential to a company's long-term success. We have a clear Code of Conduct and all Group employees are expected to maintain these standards in every aspect of their work, from how they interact with customers or clients to the way they treat co-workers. The Board's actions set an example for us all, by following this Code themselves. We are proud of our work culture, and we demonstrate this through the way in which we define our purpose, vision and values. Our culture, purpose and core values are set out on pages 6 to 7.

We have continued to hold our scheduled Board and Committee meetings remotely via video conference. This is a highly effective and productive approach, and the use of this technology does not in any way prevent robust discussion and effective decision-making.

There have been no changes to the composition of the Board during FY2023. Our regular meetings have provided opportunities to keep the Directors appraised of the success and challenges that we have experienced during the period.

Over the course of the year, we evaluated the effectiveness of the Board. The evaluation was conducted by collecting feedback via surveys about various aspects of how we operate. The results were compared to external benchmarking information to provide an objective assessment of our performance.

The evaluation considered the role of the Board in value creation, examined how well our meetings served their purpose, assessed how effectively we manage talent and culture, and looked at both composition and operation of Committees. The evaluation assessed reporting, risk management and the role of Chairman.

Results across all sections were consistently above external benchmarks. The output of the exercise and opportunities for improvement will inform the Board development activities we undertake in FY2024.

I am confident that the Board of Directors will play an active role in developing our strategy for future growth. This includes consideration of new investment and acquisition opportunities. These actions support our growth ambitions and enable us to meet the ambitious targets we have set for ourselves.

Nathaniel Rothschild
Executive Chairman
21 June 2023

Corporate Governance Report

Corporate governance is an important component of a listed company, ensuring transparency in decision-making and accountability to shareholders.

Jon Boaden
Chief Financial Officer

The Corporate Governance Report sets out how the Group's main corporate governance principles have been applied across all its companies. Volex plc has taken the provisions of the QCA Corporate Governance Code (the "QCA Code") as its main benchmark for good corporate practice for the year ended 2 April 2023, and from that date up to the date of publication of this Annual Report and Accounts. It has adhered to those provisions other than in the highlighted instances.

The Board seeks not only to ensure that the Company can generate sustainable growth and deliver long-term value for shareholders and other stakeholders, but to establish the governance standards, values and strategic aims of the Company. The names, biographical details and dates of appointment of the members of the Board are set out on pages 80, 81 and 105.

The Board provides leadership on these issues and maintains a framework of controls for risk assessment and management. Specific matters are formally reserved for decision-making by the Board and its Committees to ensure a sound system of internal control and risk management.

The Executive Chairman, Nathaniel Rothschild, is responsible for the leadership of the Company and the Board. He is jointly responsible with the Senior Non-Executive Director for creating the right Board dynamics and for ensuring that all important matters, including strategic decisions, receive adequate time and attention at Board meetings. Combining the leadership of the Company with the running of the Board is not the preferred approach in the QCA Code. However, Volex continues to believe this more focused and streamlined structure is appropriate given the size of the Company, the Board's proven success in growing the business and the independent oversight and support available from the Non-Executive Directors.

The Executive Chairman, Chief Financial Officer and Chief Operating Officer are, together, responsible for the day-to-day management of the business, developing corporate strategy, advising the Board and then implementing Board decisions.

The Group General Counsel & Company Secretary, Chris Bedford, reports to the Executive Chairman and Senior Non-Executive Director on governance matters. With support from the Company's Nominated Adviser, the role is responsible for keeping the Board up to date on all legislative, regulatory and governance issues, managing the timetable of Board and Committee meetings, advising on Directors' duties and facilitating appropriate information flows between the business and the Board.

There were no changes during the year to the Non-Executive Director appointments, the total number of which is four. With this group of highly experienced Directors, we have established a strong foundation that supports our future growth. Each Non-Executive Director appointment is reviewed every three years and they are responsible for exercising independent and objective judgement to constructively challenge the decisions of executive management and satisfy themselves that the systems of business risk management and internal financial controls are robust. They are expected to spend as much time as is necessary to perform their duties.

Aligning with the QCA Code

The QCA Code provides a practical framework for corporate governance tailored for companies of our size.

QCA principle	How we comply
Establish a strategy and business model which promote long-term value for shareholders	The Board holds sessions that are focused on corporate strategy, looking at the plans for the Group in the short, medium and long-term. Read more about our Strategy on pages 24 to 27.
Seek to understand and meet shareholder needs and expectations	Directors make themselves available to answer shareholder questions and have regular dialogue with investors to understand their expectations. Read more about our Board of Directors on pages 80 to 81.
Take into account wider stakeholder and social responsibilities and their implications for long-term success	The Board considers the Company's stakeholders, and their needs, interests and expectations, as part of the decision-making process. Read more about our approach to Section 172 on page 76.
Embed effective risk management, considering both opportunities and threats, throughout the organisation	Risk management is very important and is considered when establishing and reviewing corporate strategy and when making key decisions, and there is a process in place to ensure that risk management and related control systems are effective. Read more about Risk Management on pages 44 to 49.
Maintain the Board as a well-functioning, balanced team led by the chair	The Board works together effectively to deliver a range of perspectives as well as to form consensus in relation to important decisions. Read more about our Corporate Governance on pages 84 to 89.
Ensure that between them the Directors have the necessary up-to-date experience, skills and capabilities	There is a broad range of skills and experience available on the Board which supports constructive debates around important matters. Read more about our Board of Directors on pages 80 to 81.
Evaluate Board performance based on clear and relevant objectives, seeking continuous improvement	This Board undertook an evaluation of its own performance, assessing a number of important topics, including the Board composition and dynamics. Read more about our Nominations Committee on pages 94 to 95.
Promote a corporate culture that is based on ethical values and behaviours	The Board and management advocate integrity and ethical behaviour through their words and actions. Read more about our Culture on pages 6 to 7.
Maintain governance structures and processes that are fit for purpose and support good decision-making by the board	The Company establishes appropriate governance structures and these are reviewed periodically by the Board. Read more about our Governance and Compliance on pages 72 to 73.
Communicate how the company is governed and is performing by maintaining a dialogue with shareholders and other relevant stakeholders	The Company promotes communication of governance policies. Read more about our Stakeholders on pages 74 to 75.

Corporate Governance Report (continued)

Governance structure

The Board

Audit Committee

Key responsibilities

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

Read more about this on pages 90 to 93

Remuneration Committee

Key responsibilities

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

Read more about this on pages 98 to 113

Nominations Committee

Key responsibilities

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

Read more about this on pages 94 to 95

Safety, Environmental and Sustainability Committee

Key responsibilities

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

Read more about this on pages 96 to 97

Operation of the Board

The Board is responsible for setting the Company's business objectives, oversight of risk, strategic development and effective corporate governance. It holds regular, scheduled meetings throughout the year to review the Group's financial and operational performance and to consider any other matters as appropriate, including potential merger and acquisition opportunities, risk management and shareholder feedback. When issues requiring the attention of the Board arise outside the regular schedule, the Directors will action agreement via minuted ad hoc Board calls or written resolutions.

All the Directors receive comprehensive briefing packs in advance of Board and Committee meetings. They have access to the services of external advisers and can take independent professional advice at the Company's expense if needed.

Matters reserved for the Board

The Board delegates day-to-day management of the Company to the Executive Directors who, as appropriate, delegate to executive management. However, certain matters are formally reserved for decision by the Board, including:

- Approval of the annual budget;
- Approval of the Company's objectives and setting its long-term strategy;
- Approval of material capital expenditure projects;
- Approval of acquisitions;
- Approval of half-yearly reports, trading updates, the preliminary announcement of year-end results and the Annual Report and Accounts;
- Internal control and risk management; and
- Material contracts, expenditure and Group borrowings.

Board focus in FY2023

The main focus this year was to maintain the progress made by the business in recent years and execute on the Group's new five-year strategic plan announced in June last year, while continuing to navigate the impacts of the global supply chain challenges effectively. The Board has focused on ensuring the financial position of the Group is secured while also looking forward to the longer-term strategic options for the Group, including the acquisition of RDS and identifying potential further acquisitions that could bring additional value. In particular, this year the Board:

- Approved (and continued to monitor the Company's delivery of) a new, ambitious plan to increase revenues to $1,200 million by FY2027 with underlying operating margins in the range of 9-10%;
- Oversaw the Group's response to global supply chain challenges, including responding dynamically to meet customers' expectations;
- Monitored inflationary cost pressures, and the Group's ability to pass through increased costs to customers to protect profitability while maintaining competitiveness;
- Approved capital expenditure to expand the capacity of the Group's operations in Batam and Suzhou; and
- Approved the acquisition of RDS.

Attendance at meetings

The Board met for scheduled discussions eight times during the year, following a timetable set at the start of the year and based around the calendar of key upcoming events for the Company. The four Board Committees met 11 times in total. The size of the Board allows it the flexibility to meet at short notice on a more ad hoc basis in response to the needs of the business, and Non-Executive Directors are also encouraged to communicate directly with Executive Directors and executive management between Board meetings.

Directors attended all meetings of the Board and of those Committees of which they are members. Directors' attendance at the Board and Committee meetings during the financial year:

Number of meetings	Full Board (8 meetings)	Audit Committee (4 meetings)	Remuneration Committee (4 meetings)	Nominations Committee (1 meeting)	Safety, Environmental and Sustainability Committee (2 meetings)
Executive Directors					
Nathaniel Rothschild	8/8	–	–	1/1	2/2
Jon Boaden	8/8	–	–	–	–
Non-Executive Directors					
Dean Moore	8/8	4/4	4/4	1/1	–
Jeffrey Jackson	8/8	–	4/4	–	2/2
Sir Peter Westmacott	8/8	–	–	1/1	–
Amelia Murillo	8/8	4/4	4/4	–	–

Representatives from the Internal Audit function and from the Company's external auditors, PricewaterhouseCoopers LLP, usually attend meetings of the Audit Committee.

Committees of the Board

The Board has delegated certain responsibilities to the following Committees:

- the Nominations Committee;
- the Audit Committee;
- the Remuneration Committee; and
- the Safety, Environmental and Sustainability Committee.

Each of the above Committees operates under defined terms of reference, which are available on the Company's website. To ensure independent oversight of the audit and remuneration functions, only the Company's independent Non-Executive Directors serve on those Committees. Nathaniel Rothschild sits on both the Nominations Committee and the Safety, Environmental and Sustainability Committee, but both are chaired by a Non-Executive Director. The Company Secretary acts as secretary to each Committee, other than the Safety, Environmental and Sustainability Committee where the Group HR Director acts as secretary.

Nominations Committee

The members of the Nominations Committee are Sir Peter Westmacott (Chair), Nathaniel Rothschild and Dean Moore.

The Committee met once during the year.

The Committee is responsible for reviewing the size and composition of the Board – including whether the balance of Executive Directors and Non-Executive Directors continues to be appropriate – succession planning and recommending suitable candidates for membership of the Board when such posts arise. In appointing a new Board member, the Committee evaluates the balance of skills, knowledge and experience of the Board and prepares a clear description of the role and the capabilities and strengths required to fulfil a particular appointment.

Details of the Nominations Committee's activities are contained in the Nominations Committee Report on pages 94 and 95.

Audit Committee

The members of the Audit Committee are Dean Moore (Chair) and Amelia Murillo.

The Committee met four times during the year.

The Committee is responsible for monitoring the integrity of the Company's financial statements, including its annual and half-yearly results, as well as for keeping the Company's internal controls under review and overseeing the relationship with the external auditors.

Details of the Committee's activities are contained in the Audit Committee Report on pages 90 to 93.

Remuneration Committee

The members of the Remuneration Committee are Amelia Murillo (Chair), Dean Moore and Jeffrey Jackson.

The Committee met four times during the year.

The Committee is charged with determining and agreeing the remuneration of the Executive Directors as well as recommending and monitoring the structure of remuneration for senior management and approving grants under the Company's share incentive scheme.

Corporate
Governance Report
(continued)

Details of the Committee's activities are contained in the Remuneration Committee Report on pages 98 to 113.

Safety, Environmental and Sustainability Committee

The members of the Safety, Environmental and Sustainability Committee are Jeffrey Jackson (Chair) and Nathaniel Rothschild.

The Committee met two times during the year.

The Committee aims to ensure appropriate governance is applied to the management of health and safety within the Group. It monitors the effectiveness of controls relating to health, safety and environmental risks, and monitors the overall compliance around labour-related risks within the business. The Committee also oversees the Company's sustainability activities and governance.

Details of the Committee's activities are contained in the Safety, Environmental and Sustainability Committee Report on pages 96 and 97.

Board effectiveness

Composition, independence and diversity on the Board

The Board comprises the Executive Chairman, the Chief Financial Officer and four Non-Executive Directors, such that the QCA Code requirement for at least two independent Non-Executive Directors has been met. Jeffrey Jackson, Dean Moore, Amelia Murillo and Sir Peter Westmacott are considered by the Board to be independent, as is required by the QCA Code, of management and free from any business or other relationship that could materially interfere with the exercise of their judgement.

Our Board comprises an executive leadership team with extensive commercial knowledge, supported by experienced Non-Executive Directors who bring strong governance disciplines and a valuable external perspective to our business.

The Company embraces diversity and is dedicated to encouraging inclusion. The Board membership comprises individuals who have a wide range of diverse experience and skills and each bring a unique perspective to debate at Board level.

Board Diversity

The Board recognises the importance of diversity in the Company and is committed to promoting diversity throughout the organisation at all levels. While the Board does not have a formal board diversity policy, diversity considerations are a key aspect of appointment decisions. The Board plans to continue to review the need for such a policy annually, taking into account the size of the Board and skills required. Further information on our diversity, including with respect to the total female representation in our workforce, is provided in the 'Social Impact' section of the Sustainability Report on pages 68 to 70.

Executive Directors are expected to attend all meetings of the Board, and of the Committees on which they sit, and to devote sufficient time to the Group's affairs to enable them to fulfil their duties as Directors. Details of the time commitment expected of each Non-Executive Director are included in their letters of appointment.

Re-election of Directors

Directors are elected by shareholders at the first Annual General Meeting after any appointment by the Board and, thereafter, may offer themselves up for re-election by shareholders at regular intervals and in any event at least once every three years. Dean Moore will be offered for re-election this year as it will be three years since he was last re-elected to the Board.

Conflicts of interest

Under the Companies Act 2006, a Director must avoid a situation where a direct or indirect conflict of interest may occur and procedures are in place to manage any circumstance where a conflict may be perceived. The Company's Articles of Association prevent Directors from voting on issues where they have, or may have, a conflict of interest, other than in exceptional and specific circumstances.

Performance evaluation

The Non-Executive Directors have the opportunity to meet separately with the Executive Chairman and the Chief Financial Officer during the year to discuss Board member performance.

In addition, all Board members took part in a Board performance evaluation review, covering a number of important topics. The results of the review, which were considered in detail by the Directors, show a well-structured and effective Board. The Board recognises that a robust performance evaluation is important to maximise Board effectiveness. Further information on the Board performance evaluation is provided in the Nominations Committee report on pages 94 and 95.

Development

All new Directors receive an induction programme tailored to their background and experience, organised by the Company Secretary and the Company's Nominated Adviser. In addition, all Directors are informed of changes to relevant legislation or regulations and receive updates and briefings on areas such as Directors' duties and corporate governance guidelines and best practice.

Individual Directors, with the support of the Company Secretary, are also expected to take responsibility for identifying their own training needs and to ensure that they are adequately informed about the Group and their responsibilities as a Director.

Accountability for financial reporting

The Board is responsible for presenting a fair, balanced and understandable assessment of the Company. The Company has a comprehensive annual budgeting process, to which all its global subsidiary entities contribute directly and which culminates in formal approval of the annual budget by the Board. Regular forecasts and updates on financial performance are presented to the Board during the year. The reasons why the Directors continue to adopt the going concern basis for preparing the financial statements are given in the Directors' Report on pages 114 to 116.

Internal controls and risk management

The Board has overall responsibility for the Group's system of internal control and risk management, which is designed to identify, evaluate and control the significant risks associated with delivering the Group's strategy with a view to safeguarding shareholders' investments and the Group's assets. The compliance hotline process, 'Speak Up', was further embedded within the business to ensure that all employees have a confidential route to report concerns in relation to ethics, conduct and compliance.

An ongoing process for identifying, evaluating and managing the significant risks faced by the Group has been in place for the year up to and including the date of approval of this report, based on a combination of site-by-site risk reporting to create individual risk registers and an annual risk survey of all senior management across the Group. Read more about Volex's risk management processes and outcomes in the Risk Management section of the Strategic Report on pages 44 to 49.

Key features of the Company's system of internal controls

Key elements of the Company's system of internal controls which have operated throughout the year are:

- A system of regular reports from management setting out key performance and risk indicators;
- Rigorous short-term management and forecasting of cash flow;
- A schedule of specific, key matters reserved for decision by the Board;
- A framework for reporting and escalating matters of significance;
- Group-wide procedures, policies and standards which incorporate statements of required behaviour;
- Continuous review of operating performance and monitoring of monthly results against annual budgets, and periodic forecasts;
- Risk-based reviews of sites and/or business processes, with observations and recommendations to improve controls being reported to management to ensure timely action, with oversight provided by the Audit Committee; and
- A process and policy for employees to raise concerns and regular reports to the Audit Committee of all material disclosures made, the results of investigations and actions taken.

Through its risk management process and the review of effectiveness of the system of internal controls, the Board believes the control environment is adequate for a group the size of Volex.

Relations with shareholders

The Board is responsible for effectively engaging with shareholders. The Board achieves this through regular dialogue with brokers, analysts and shareholders themselves, with the Executive Chairman and Chief Financial Officer taking a lead in those relationships.

The Board takes steps to understand the views of major shareholders of the Company, including through receiving feedback from any shareholder meetings and through analyst/broker briefings. The Board takes account of the corporate governance guidelines of institutional shareholders and their representative bodies such as the Investment Association and the Pensions and Lifetime Savings Association. The Executive Chairman and Chief Financial Officer are available to meet with major and prospective shareholders. The Non-Executive Directors are available to attend shareholder meetings as necessary.

Annual General Meeting ("AGM")

The Notice of AGM will be dispatched to shareholders, together with explanatory notes or a circular on items of special business, at least 21 clear days before the meeting. Separate resolutions will be proposed on each substantive issue, including a resolution relating to the Annual Report and Accounts.

The Board welcomes questions from shareholders, and they will have the opportunity to raise issues before or after the meeting if circumstances prevent active attendance.

For each resolution, the proxy appointment forms provide shareholders with the option to direct their proxy vote either for or against the resolution, or to withhold their vote. As with last year, we will be encouraging shareholders to switch to paperless voting.

The Company will ensure that the proxy form and any announcement of the results of a vote will make it clear that a 'vote withheld' is not a vote in law and will not be counted in the calculation of the proportion of the votes for and against the resolution.

All valid proxy appointments are properly recorded and counted. For each resolution, after the vote has been taken, information on the number of proxy votes for and against the resolution, and the number of shares in respect of which the vote was withheld, are given at the meeting and are made available on the Company's website at www.volex.com.

Jon Boaden
Chief Financial Officer
21 June 2023

Audit
Committee Report

The Audit Committee plays a crucial role in ensuring financial transparency, accountability and the integrity of financial reporting for the benefit of stakeholders.

Dean Moore
Chair of the Audit Committee

Key responsibilities

- Overseeing the financial reporting process and ensuring the accuracy and completeness of financial statements
- Establishing and overseeing the Group's systems of internal control and risk management
- Appointing and overseeing the external auditor to ensure their independence and objectivity in conducting audits

I am pleased to present this year's report on the activity of the Volex Audit Committee during the course of another successful year for the Company. Over the course of the year, the Committee has continued its regular work reviewing financial systems and controls and published financial statements while liaising with external auditors, PricewaterhouseCoopers ('PwC').

The Committee received and discussed updates from the Group Finance team, PwC representatives and the Internal Audit function during the year. We made changes to the Internal Audit function and process in FY2022. During FY2023, the function has continued to evolve as we address new challenges and keep pace with the growth of the business.

As the Group continues to grow through acquisition and investment, the Finance and Legal functions review and update Company policies and procedures to ensure that they are up-to-date. The Committee will continue to oversee and coordinate that work, and to report and make any necessary recommendations on matters within its area of responsibility to the full Board.

Key objectives

The Committee establishes and oversees the Group's systems of internal control and risk management, monitors the integrity of financial information published externally for use by shareholders and ensures the integrity of the financial statements is supported by an effective external audit.

Composition of the Audit Committee

The members of the Audit Committee were:

Committee member	Date of appointment
Dean Moore (Chair)	18 April 2017
Amelia Murillo	26 January 2021

Appointments are for a period of three years and are extendable by no more than two additional three-year terms. The Committee must consist of at least two members, all of whom should be independent Non-Executive Directors. All current Committee members are independent Non-Executive Directors and all have the appropriate range of financial, commercial and risk-management experience to fulfil their duties. The Audit Committee Chairman has recent and relevant financial experience, in line with the QCA Corporate Governance Code and Committee terms of reference. Biographical details are set out on pages 80 and 81.

Meetings

The Audit Committee met four times in the year, with the meetings and agendas linked to events in the Group's financial calendar. The Audit Committee invites the Group Chief Financial Officer, senior representatives of the external auditors, the internal audit co-source provider and other staff to attend its meetings as required. It reserves the right to request any of these individuals to withdraw for specific items of discussion.

Governance

The Audit Committee's terms of reference can be found on the Volex website.

The Committee is responsible for:

- Monitoring the integrity of the Group's financial statements and any other formal announcements relating to the Group's financial performance, and reviewing significant financial reporting judgements contained in them;
- Reporting to the Board on the processes in place to confirm that the Annual Report and Accounts, when taken as a whole, are fair, balanced and understandable and contain the information necessary to allow shareholders to assess the Group's performance, business model and strategy;
- Reviewing and challenging where necessary the appropriateness of accounting policies and the manner in which they are applied across the Group;
- Reviewing the Group's internal financial controls and the Group's internal risk-management systems;
- Monitoring and reviewing the effectiveness of the Group's Internal Audit function in the context of the Group's overall risk-management system;
- Reviewing the Group's procedures for detecting and responding to fraud and bribery and for handling allegations made by employees with respect to financial malpractice or other forms of whistleblowing, and oversight of any and all reports on such incidents; and
- Oversight of the relationship with the external auditors, including, where appropriate, the recommendation of appointment or reappointment of the external auditors.

The Audit Committee reports its findings to the Board, identifying any matters on which it considers that action or improvement is needed, and makes recommendations on the steps to be taken.

Main activities of the Committee during the year

Financial reporting

The primary role of the Audit Committee in relation to financial reporting is to review with both management and the external auditors, PwC, the appropriateness of the half-year and annual financial statements, concentrating on, among other matters:

- The quality and acceptability of accounting policies and practices;
- The clarity of the disclosures and compliance with financial reporting standards and relevant governance reporting requirements;
- Material areas in which significant judgements or estimates have been applied or there has been discussion with PwC; and
- The processes to ensure that the Annual Report and Accounts, taken as a whole, are fair, balanced and understandable and provide the information necessary for shareholders.

To aid its review, the Committee considers reports from the Chief Financial Officer, from the Internal Audit function and from the external auditors.

Following its review of the Annual Report and Accounts, the Committee challenges management on the content to ensure that the report as a whole is fair, balanced and understandable.

The Committee has reviewed the paper on the critical judgements and estimates outlined in note 2 to the financial statements on pages 138 and 139. The primary areas of judgement and estimates considered and discussed by the Committee in relation to the FY2023 financial statements and how these have been addressed are listed below.

Going concern

The Committee reviewed the Group's budget and trading position, the potential impact of possible future disruption, including further challenges due to supply chain issues, and considered its compliance with banking facility covenants.

The Committee has reviewed and approved the disclosures and concluded that the financial statements should continue to be prepared on a going concern basis.

Audit Committee Report (continued)

Adjusting items
Management has presented a breakdown of adjusting items, and explanations as to why they should be categorised as such. The Audit Committee has reviewed the disclosures and discussed this analysis with management. Details are shown in note 4 on page 141. Adjusting items during the year amounted to $9.8 million (FY2022: $10.8 million).

Inventory provisions
The Committee reviewed the level of provision held against inventory in conjunction with the Group's provisioning policy, the ageing of the stock and forecast future demand. Management review inventory provisions regularly and the reviews require the use of judgements and estimates. The Committee believes the provision is reasonable.

Accounting for business combinations
The Committee reviewed the principal assumptions and judgements applied in accounting for business combinations that occurred during the year.

Accounting for income and deferred taxes
The Committee reviewed the principal assumptions and judgements applied in accounting for the Group's uncertain tax positions and the recognition of deferred tax assets.

Internal control, risk and compliance
The Audit Committee is required to assist the Board in its annual assessment of the effectiveness of the Volex risk management and internal control systems. To fulfil these duties, the Committee reviewed:

- The results of the annual Certificate of Compliance exercise and survey, involving all senior personnel in the organisation;
- The reports issued during the year by Internal Audit following their risk-based review of sites and processes;
- The annual risk survey conducted among the executive team and other senior management; and
- Investigations performed in the event of whistleblowing, control breakdowns or fraud issues.

Details of our internal controls and risk management systems, including controls over the financial reporting process, can be found on page 89 in the Corporate Governance Report with our risk factors in full in the Strategic Report on pages 44 to 49.

Internal audit
The Audit Committee is responsible for ensuring the adequacy of resourcing and plans for the Internal Audit function.

To fulfil these duties, the Committee:

- Establishes the function's terms of reference, reporting lines and access to the Audit Committee;
- Approves the appointment and removal of the Internal Auditor;
- Reviews and assesses the annual internal audit plan in the context of the Group's overall risk management system; and
- Reviews promptly the internal audit reports produced from the site and process reviews and monitors management's responsiveness to the findings and recommendations included therein.

Following a comprehensive review of the Internal Audit function and approach involving external specialists, a number of recommendations were implemented in FY2022. This has enhanced the role of internal audit during FY2023, providing valuable insight into key aspects of the Group's operations.

During the year, internal audit reviews took place at two production sites, conducting an assessment of key control procedures. In addition, there was a review in respect of cybersecurity considerations, as well as a review of the process and approach in relation to the implementation of the Group's new enterprise resource planning (ERP) system. No serious issues for concern were raised and the reviews identified a number of areas for improvement. Management has agreed to make those improvements, this includes a number of suggestions in relation to cybersecurity which will form part of a Group-wide improvement programme in this area.

The Group's "Speak Up" Policy contains arrangements for the Audit Committee to review all complaints in confidence.

External audit
The Audit Committee is responsible for the monitoring of the independence, objectivity and compliance with ethical and regulatory requirements of the external auditors. Details of the total remuneration for the auditors for the year can be found in note 8 on page 143 of the consolidated financial statements.

The auditors' independence and objectivity are safeguarded by limiting the value and nature of external services provided by the auditors. The Group also has a policy of not recruiting employees of the external auditors who have worked on the audit in the last two years to senior positions in the Group. There is a rotation policy for the lead engagement partner and, as part of this policy, the lead engagement partner changed at the beginning of FY2022.

Non-audit services provided by the auditors
The Audit Committee maintains a non-audit services policy which sets out the categories of non-audit services that the external auditors will and will not be allowed to provide to the Group, including those that are pre-approved by the Audit Committee and those that require specific approval before they are contracted for, subject to de minimis levels.

There were no non-audit fees during the year (FY2022: $nil).

Audit tender

The Audit Committee considers the reappointment of the external auditors each year. PwC have been the Group's auditors since their appointment on 4 April 2010 following a tender process. There are no contractual obligations that restrict the Committee's choice of external auditors.

To fulfil its responsibility regarding the independence and effectiveness of the external auditors, the Audit Committee:

- Reviewed the external auditors' plan for the current year and agreed the scope of the audit work to be performed;
- Agreed the fees to be paid to PwC for their audit of the FY2023 financial statements and other non-audit fees;
- Reviewed a report from PwC describing their arrangements to identify, report and manage any conflicts of interest and confirming the basis of their independence;
- Assessed PwC's fulfilment of the agreed audit plan and any variations from that plan; and
- Assessed the robustness and perceptiveness of PwC in their handling of the key accounting and audit judgements.

The Audit Committee, having considered the length of PwC's audit tenure and the results of the above, continues to consider PwC to be independent and therefore has provided the Board with its recommendation that PwC be reappointed as external auditors for the 52 weeks ending 31 March 2024.

This will continue to be assessed on an annual basis in light of any guidance on external audit tendering.

Summary

As a result of its work during the year, the Audit Committee has concluded that it has acted in accordance with its terms of reference and has ensured the independence and objectivity of the external auditors.

We would welcome feedback from shareholders on this report.

On behalf of the Audit Committee

Dean Moore
Chair of the Audit Committee
21 June 2023

Nominations Committee Report

The results of the Board review, which were considered in detail by the Directors, continue to show a well-structured, dynamic and effective Board.

Sir Peter Westmacott
Chair of the Nominations Committee

I am pleased to present the Nominations Committee report for the year ended 2 April 2023.

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

- Reviewing the Board structure, size and composition, and making recommendations to the Board with regard to any adjustments deemed necessary;
- Giving consideration to succession planning for Directors and other senior executives, taking into account the skills and expertise needed on the Board in the future; and
- Keeping under review the leadership needs of the organisation, both executive and non-executive, with a view to ensuring the continued ability of the organisation to compete in the marketplace.

This year, the Nominations Committee carried out a board effectiveness review using a third party digital board evaluation platform. All of the members of the Board participated in the review and the results were shared with, and considered by, the Board.

Composition of the Nominations Committee

The members of the Nominations Committee are myself (as Chair), Dean Moore and Nathaniel Rothschild.

Appointments are for a period of three years. On expiry of the term, the Director may have his or her term extended for an additional period in circumstances where the Director meets the relevant membership criteria. The Committee shall consist of at least three members, including two independent Non-Executive Directors of the Board.

As such, two-thirds (67%) of the current Committee are independent (myself and Dean Moore).

Meetings

The Nominations Committee met once in the year. The Nominations Committee invites other staff to attend its meetings as required, although it reserves the right to request any of these individuals withdraw for specific items of discussion.

Governance

The Nominations Committee's Terms of Reference can be found on the Volex website.

The Committee's responsibilities include:

- Reviewing the Board structure, size and composition (including the skills, knowledge, experience and diversity of the Board) and making recommendations to the Board with regard to any adjustments that are deemed necessary;
- Giving full consideration to succession planning for Directors and other senior executives, taking into account the challenges and opportunities facing the Company, and what skills and expertise are needed on the Board in the future;
- Keeping under review the leadership needs of the organisation, both executive and non-executive, with a view to ensuring the continued ability of the organisation to compete in the marketplace;
- Identifying and nominating for approval of the Board candidates to fill Board vacancies (as necessary);
- Before making a Board appointment, evaluating the balance of skills, knowledge, experience and diversity on the Board and, in light of this evaluation, preparing a description of the role and capabilities required for a particular appointment and the time commitment required;

Diversity policy

Recruitment of Board candidates is conducted, and appointments made, on merit and suitability against objective selection criteria with consideration of, amongst other things, the benefits of diversity on the Board, including gender. The Board currently has six members and the gender ratio of the Board throughout the year was 17% female and 83% male.

- Prior to the appointment of a Director, requiring the proposed appointee to disclose (i) any other business interests that may result in a conflict of interest and to report any future business interests that could result in a conflict of interest, and (ii) any significant commitments, with an indication of the time involved;
- Reviewing the time commitment of Non-Executive Directors and, where necessary, assessing (through performance evaluation) fulfilment of their duties;
- Reviewing the results of the Board performance evaluation process that relate to the composition of the Board and succession planning; and
- Keeping under regular review any authorisations granted by the Board in connection with a Director's conflict of interest.

The Nominations Committee reports its findings to the Board, identifying any matters on which it considers that action or improvement is needed, and makes recommendations on the steps to be taken.

Main activities of the Nominations Committee during the year

The Nominations Committee carried out a Board performance evaluation review during the year, covering a number of important topics. All of the members of the Board took part. Overall, the Board scored consistently well, as the following table demonstrates:

Topic	Volex score (Out of 100)	Benchmark (Out of 100)
Value creation and strategy	88	81
Board agenda and meetings	87	80
Talent and culture	89	76
Board composition and dynamics	95	84
Chair	97	88
Information, reporting and risk management	90	82
Our committees	96	87

The results of the Board review, which were considered in detail by the Directors, continue to show a well-structured, dynamic and effective Board – with an overall result of 93/100 which compares favourably to the benchmark of 85/100.

The review's strategic index, which measures strategic aspects such as Board competence, agility, alignment and time allocation scored 93/100, against the benchmark of 84/100.

The ESG index, which measures ESG aspects such as culture, diversity, transparency, innovation and sustainable value creation, scored 85/100 which also compares well to the benchmark of 76/100.

On behalf of the Nominations Committee

Peter Westmacott

Sir Peter Westmacott
Chair of the Nominations Committee
21 June 2023

Board Effectiveness Evaluation

95%
Board composition and dynamics

96%
Our committees

Safety, Environmental and Sustainability Committee Report

We are committed to becoming a net zero business by 2035. We will now set science-based targets and quantify our Scope 3 emissions.

Jeffrey Jackson
Chair of the Safety, Environmental and Sustainability Committee

Key responsibilities

The responsibilities of the Committee are to ensure that the Board has an understanding and oversight of the:

- Materiality of sustainability-related risks to the business;
- Impact of climate-related risks to the business over the short, medium and long term;
- Extent, ambition and progress of the Company's response to the climate agenda in order to ensure compliance with the obligations under the Paris Agreement;
- Monitoring of the Company's progress against its climate-related goals, targets and metrics;
- Current performance and trend information for non-climate related sustainability performance indicators in the areas of health, safety, environment, human rights, modern slavery, diversity and inclusion and other labour-related areas across the Group;
- Effectiveness of the Group's specific and tailored policies and systems to control health, safety, environmental and labour-related risks;
- Emerging ESG and climate-related trends and international standards; and
- Financial implications (including costs and benefits) of any decision of the Committee.

I am pleased to report on the work of the Volex Safety, Environmental and Sustainability Committee. This Committee was established in 2019 to improve the Board's oversight of issues relating to health and safety and the wider environmental performance of the Group. In 2021 we expanded the scope of this Committee to provide oversight to the broader topic of sustainability and the Committee was renamed accordingly.

As a Committee, our aim is to sharpen the Group's focus on these important issues and to provide an effective channel for relevant information to feed into the Board. Not only does Volex want to ensure it adheres to best practices wherever possible, but we also want to provide a safe and productive working environment for our employees. Increasingly, our customers want verifiable assurances from their suppliers and business partners on a broad range of environmental, social and governance related matters. During the year, we have made good progress in the development of a long-term roadmap for sustainability for the business and our net zero ambitions have been established and approved by the Board.

The Committee is responsible for ensuring that the Board is kept up to date with emerging ESG and climate trends and relevant international standards and for ensuring that the Board can assess the likely impacts of developments in these areas of the strategy and short, medium and long-term performance of the Company. The Committee is also responsible for ensuring that the financial implications (including costs and benefits) of any decision made by the Committee are fully considered so as to balance the needs of all stakeholders.

How the Committee spent its time

- reviewing the TCFD findings and recommendations;
- reviewing the safety performance across the Group; and
- discussing the company's decarbonisation and net zero ambitions.

As with the other Board Committees, the Safety, Environmental and Sustainability Committee reports its findings to the full Board, identifying any matters on which it considers that action or improvement is needed, and makes recommendations on the steps to be taken. The Committee shall consist of at least two members, including one independent Non-Executive Director of the Board. As such, 50% of the current Committee is independent (myself).

Composition of the Safety, Environment and Sustainability Committee

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

Committee member	Date of appointment
Jeffrey Jackson (Chair)	15 October 2019
Nathaniel Rothschild	15 October 2019

Meetings and activities

The Committee met formally two times (November and March) during FY2023 and received regular updates on the impact of Covid-19 on the workforce and on the Group's health and safety performance from the Group HR Director. This is in line with our intention that the Committee will meet at least annually.

The main activities undertaken by the Committee during the year were:

- review of the approach being taken by the Group to improve performance in the areas of health, safety, environment and labour related risks; and
- review and approval of the Company's emerging sustainability strategy and decarbonisation ambitions.

A primary focus for the Committee this year has been to oversee the development of a strategic roadmap for sustainability. The Company has completed a number of important workstreams this year which the Committee has reviewed before their review by the main Board. The noteworthy workstreams include:

- the preparation of a materiality assessment;
- the completion of an independent review of our TCFD-readiness to enable us to meet these regulations a year ahead of the statutory timetable;
- the commitment to our net zero goals which require us to be zero emissions on Scope 1 and 2 by 2035 and to be zero emissions on our Scope 3 emissions by 2050 (or earlier if required by the international community);
- establishing a commitment to work in accordance with the Science Based Targets initiative and to publish a granular decarbonisation roadmap by the end of FY2025;
- the development and publication of a comprehensive environmental policy, including 16 principles against which we have made commitments; and
- the establishment of a more robust governance structure, including global and regional sustainability steering committees to ensure focus and accountability of the sustainability agenda across the business.

Health and safety performance

At the year end we reported an accident frequency rate of 1.24 (FY2022: 1.78) lost time accidents per million hours worked. This is equivalent to 0.2 accidents per 200,000 worked hours. We had 24 lost time accidents during the year (FY2022: 30). 45% (FY2022: 43%) of these were caused by employees coming into contact with moving machinery.

The efforts of our management team to improve the safety performance in our two Turkish sites, acquired in FY2021, has delivered significant improvements with accident levels improving by 60% compared to the previous year. We will continue to prioritise support to these sites until they reach comparable levels of safety with the rest of our operating units.

In FY2023 only 61% of our workforce worked within an ISO 45001 accredited site so we have decided to require all of our sites to achieve ISO 45001 accreditation by the end of FY2025.

For the coming year, I look forward to ensuring the Group maintains and further improves on its record in this regard.

On behalf of the Safety, Environmental and Sustainability Committee

Jeffrey Jackson
Chair of the Safety, Environmental and Sustainability Committee
21 June 2023

Remuneration Committee Report

We are continuously striving for a fair and competitive remuneration policy and practice that incentivises performance aligned to our shareholders' interests.

Amelia Murillo
Chair of the Remuneration Committee

Annual Statement
Overview from the Chair of the Remuneration Committee

I am pleased to introduce the Remuneration Report for the year ended 2 April 2023, which includes my statement as Remuneration Committee Chair, the Directors' Remuneration Policy and the Annual Report on Remuneration for the year.

Composition of the Remuneration Committee

The members of the Remuneration Committee were:

Committee member	Date of appointment
Amelia Murillo (Chair)	26 January 2021
Dean Moore	18 April 2017
Jeffrey Jackson	18 March 2021

The Terms of Reference for the Committee (available on the Company's website) provide that the Committee must consist of at least two members, all of whom shall be independent Non-Executive Directors. All three members of the current Committee are independent Non-Executive Directors and have the appropriate range of experience to fulfil its duties. Appointments to the Committee shall be for a period of up to three years, which may be extended for two further three-year periods, provided the Director remains independent and still meets the criteria for membership of the Committee.

Overview

FY2023 was a year in which the Company continued to demonstrate its resilience as the disruptive effects of a global pandemic faded. As with other global manufacturers the Company still had much to contend with, including ongoing supply chain challenges and the consequences of the crisis in Ukraine. Despite these external factors the business performed very well and we are pleased to report that the Company has exceeded the underlying operating profit and working capital targets that we set out in last year's Annual Report.

Annual bonus for FY2023

We continue to prioritise financial metrics for our Executive Directors and to incentivise them to focus on generating shareholder value. We want Volex to be a sustainable and cash-generative Group that aims to pay regular dividends. Financial measures make up 80% of the total opportunity for Executive Directors. For FY2023 we further strengthened the focus on maintaining profitability and adjusted the weighting of the underlying operating profit objective for senior Executives to 70%. This ensures our relentless focus on delivering profitable growth within the business is maintained. To create alignment through the organisation on cash generation, we introduced the metric of 'working capital as a percentage of sales' (weighted as 10%) to the Group bonus framework to ensure that we maintained focus on our working capital.

The FY2023 targets were challenging, and the strong underlying profit performance reflects the achievements of the Group over the year. The management team was able to achieve both targets during FY2023.

Having reviewed this performance, the Committee determined that bonuses of 100% of salary for the Executive Chairman and 100% of salary for the Chief Financial Officer were appropriate. During FY2023 the Committee adjusted the bonus deferral policy to provide greater flexibility in how earned bonuses are paid. The Committee determined that in future, bonuses may be paid fully in shares or fully in cash in circumstances where an Executive Director meets the shareholding requirements.

Base salary review during FY2023

During FY2023 the Committee completed its annual review of the compensation levels for the top 40 senior roles. This review ensures that we maintain competitive and fair remuneration practices whilst providing a mechanism for us to reflect the increased size and complexity of the Group as well as any changes in market practices. As a result of this review the Committee implemented base salary adjustments to a number of senior positions in the Group. Each year, base salaries are reviewed taking into consideration inflationary pressures in each country. In FY2023 the salaries of the Executive Directors were reviewed and increased in line with the UK employee salary increase of 7%. An additional 7% was awarded for Nathaniel Rothschild and 1% for Jon Boaden. These additional increases are in line with the Company's policy of reviewing salaries on a regular basis reflecting the growth in the size and complexity of the Company and taking into account the sustained individual performance and individual's development in role. Following these increases, which take effect for FY2024, these salaries remain at or below the lower quartile of similarly sized UK listed industrial businesses. During the year, the Committee reviewed the Remuneration Policy in order to ensure that it remains both appropriate in light of our strategy and effective in incentivising the delivery of our strategy and the retention of our senior talent. As a result the Committee approved changes to the bonus deferral policy and made changes to the long-term incentive arrangements which took effect with the LTIP awards granted in December 2023. The other elements of the policy remain unchanged.

Long Term Incentive Plan awards during FY2023

In June 2022 we announced an ambitious five-year strategic plan and the Committee determined that it would be important to align the LTIP awards with both the successful delivery of the five-year plan and to secure the long-term retention of our strategic talent. On 21 December 2022, Nathaniel Rothschild and Jon Boaden, together with seven other senior executives, were granted equity awards under the LTIP. As an alternative to awarding shares annually under the LTIP the Committee decided to aggregate awards from FY2023, FY2024 and FY2025 into a single up-front award with the proviso that no further awards would be made before FY2026. Under this aggregated award framework, Nathaniel Rothschild and Jon Boaden received awards of 950,000 and 475,000 shares with a face value of approximately 590% and 435% of salary, respectively. The performance conditions relating to these awards were defined to motivate our Executives to outperform. To ensure that these awards help to secure our strategic talent the Committee decided that these awards would vest over a total of six years, with 50% of the award vesting five years after grant and 50% of the award vesting six years after grant. This structure ensures that a proportion of awards remain at risk beyond the five-year performance period of the plan. In light of the grant of these aggregated awards, no further LTIP awards will be granted to the Executive Directors before FY2026.

Bonus Policy for FY2024

In FY2024, Executive Directors will continue to have the opportunity to earn up to 100% of annual salary under the annual bonus plan. We have maintained the emphasis on quantitative financial targets. The Remuneration Committee is continually aware and mindful of the risks associated with executive remuneration. With our remuneration policy we seek to provide a structure that encourages an acceptable level of risk-taking through key performance measures and an optimal remuneration mix. The Committee undertakes annual third-party evaluations to ensure our reward programmes achieve the correct balance, maintain competitiveness in the market and do not encourage excessive risk-taking. The Committee has considered the risk involved in the short and long-term incentive schemes and is satisfied that the governance procedures mitigate these risks appropriately. The Committee continues to welcome feedback from shareholders, and I hope that we can continue to receive your support in the future on the remuneration-related votes at our AGM.

On behalf of the Remuneration Committee

Amelia Murillo

Amelia Murillo
Chair of the Remuneration Committee
21 June 2023

Remuneration Committee Report (continued)

Compliance statement

The Company is listed on the Alternative Investment Market and therefore provides these remuneration disclosures on a voluntary basis. As such, the charts and tables included here are unaudited. We have incorporated some additional information based on the remuneration reporting regulations for main market listed companies where we believe it provides additional relevant information for the users of the financial statements. The Board is committed to maintaining high standards of corporate governance and the Directors intend, so far as is practicable given the Company's size and constitution of the Board, to comply with the provisions of the Quoted Companies Alliance Corporate Governance Code (the 'QCA Code').

Introduction

The Company's Remuneration Policy ('Policy') is designed to reinforce the Company's goals, providing effective incentives for exceptional Group and individual performance. The Committee regularly reviews the remuneration structure in place at Volex to ensure it remains aligned with our business strategy, reinforces our success and aligns reward with the creation of shareholder value. The Committee strives to ensure that shareholders' interests are served, by creating an appropriate balance between fixed and performance-related pay. A considerable part of the reward package is linked to share-price performance and is delivered in shares.

Policy report

Volex's Remuneration Policy for Executive Directors

The table below sets out our Remuneration Policy.

Purpose and link to strategy	Operation	Opportunity	Performance metrics
Base salary To reflect market value of the role and individual's performance and contribution.	Reviewed on an annual basis, with any adjustments taking effect from 1 April. The Committee reviews base salaries which are payable in cash, with reference to: ▸ The individual's performance, responsibility, skills and experience; Company performance and market conditions; ▸ Salary levels for similar roles at relevant comparators, including companies of similar market capitalisation to Volex and companies in a similar sector; and ▸ Wider pay levels and salary increases across the Group.	Base salary increases are applied in line with the outcome of the review, as part of which the Committee also considers average salary increases across the Group. In respect of existing Executive Directors, it is anticipated that salary increases will be applied consistently with the cost of living increases applied to other salaried employees employed in the same country. In exceptional circumstances (including, but not limited to, a material increase in job size or complexity) the Committee has discretion to make appropriate adjustments to salary levels to ensure they remain market competitive.	Company and individual performance are considerations in setting Executive Director base salaries.
Pension To provide a market competitive pension.	Executives participate in a money purchase scheme or other scheme as may be appropriate from time to time according to the country in which they are employed.	Executive Directors receive a contribution of up to 10% of salary.	Not performance-related.
Benefits To provide market competitive benefits.	Benefits may include fuel costs, travel allowances, private medical insurance, critical life and death-in-service cover. Other benefits may be awarded as appropriate and include relocation and other expatriate benefits.	Benefits may vary by role and individual circumstances and are reviewed periodically. Benefits are not anticipated to exceed 10% of salary over three financial years. The Committee retains discretion to approve a higher cost in exceptional circumstances, to support a relocation, or in circumstances where factors outside of the Company's control have materially changed, such as with an increase in medical insurance premiums.	Not performance-related.

Purpose and link to strategy	Operation	Opportunity	Performance metrics
Annual bonus To incentivise delivery of the Group's annual financial and strategic goals.	Performance is measured on an annual basis for each financial year. KPIs are established at the start of the year that are directly related to and reinforce the business strategy. Stretch targets are set for each KPI; at the end of the year the Committee determines the extent to which these were achieved. Annual bonus awards may be delivered as a mix of cash and shares which are deferred for at least one year and subject to continued employment, with the extent of deferral depending on the extent to which the shareholding guidelines have been achieved. Executives who have not achieved the shareholding guideline will receive two-thirds of any bonus above 25% of annual salary as an award of deferred Volex shares. Executives who have achieved the shareholding requirements may be paid their bonus entirely in cash or in shares. Annual bonus amounts paid and vested deferred bonus awards are subject to clawback. Malus may be applied to the in-year bonus, through either a reduction being applied or the withdrawal of the bonus, and to unvested deferred bonus awards.	The maximum bonus for Executive Directors is 100% of salary per annum. For threshold performance, 20% of the bonus is payable. Threshold performance is set just below our budgeted level for each financial indicator. For performance between threshold and maximum, the bonus payout will increase on a straight-line basis up to the maximum.	The KPIs selected and their respective weightings may vary from year to year depending on strategic priorities. Measures may include financial and non-financial metrics. Corporate measures will be weighted each year according to business priorities. These will include a metric for operating profit and other financial performance objectives that support our in-year goals. The range of performance required under each measure is calibrated with reference to Volex's internal budgets. Financial measures will make up at least 80% of the total opportunity. The Committee has discretion to adjust the formulaic bonus outcome both upwards and downwards to ensure alignment of pay with the underlying performance of the business over the financial year, and to take into account personal performance over the course of the year. Further details of performance conditions are provided in the Annual Report on Remuneration on pages 106 to 110.
LTIP To drive performance, aid retention and align the interests of Executive Directors with shareholders.	The Committee may grant annual awards in the form of shares or nominal value options which vest after at least three years, subject to performance conditions. The award levels and performance conditions are reviewed in advance of grant to ensure they remain appropriate and the Committee has the discretion to apply additional measures. Where relative TSR performance is used as a measure then the Committee will review the comparator group annually to ensure it remains aligned with shareholder interests. Unvested awards under the LTIP are subject to malus and vested awards are subject to clawback. LTIP awards will have a performance period of at least three years and a minimum vesting period of three years. If no entitlement has been earned at the end of the relevant performance period, the awards will lapse.	The LTIP provides for annual awards of performance shares of up to 680,000 shares for the Executive Directors, or up to 750,000 shares in exceptional circumstances. The normal annual grant will be up to 200% of salary. Under each measure, threshold performance will result in 30% of maximum vesting for that element, rising on a straight-line basis to full vesting.	Awards vest subject to continued employment and Company performance. The performance measure applied to the LTIP awards granted in December 2022 for the Executive Directors is EBIT and these are subject to a five-year performance period. Prior year awards, and awards made to other senior employees in FY2023, continue to utilise a three-year performance period and have relative Total Shareholder Return ('TSR') and cumulative adjusted operating profit as their performance metrics. Further details of performance conditions are provided in the Annual Report on Remuneration pages 106 to 110.

Remuneration Committee Report (continued)

Notes to the policy table

Performance measurement selection

The aim of the annual bonus plan is to reward key executives over and above base salary for the achievement of critical business objectives. The bonus criteria are selected annually and are designed to encourage continuous performance improvement for the Group. Group financial performance targets relating to the annual bonus plan are set from the Company's annual budget, which is reviewed and signed off by the Board prior to the start of each financial year. Underlying operating profit is used as a key performance indicator for the annual bonus plan because it is a clear measure of the underlying financial performance of the Group.

The long-term share-based incentive plan ('LTIP') is designed to align the interests of key executives with the longer-term interests of the Company's shareholders by rewarding them for delivering sustained increases in shareholder value and financial growth. The vesting of share awards is linked to performance conditions, in particular to growth in the Company's adjusted underlying operating profit and relative total shareholder returns. EBIT, defined as our underlying earnings before interest and taxes in any financial year, has been selected as the sole metric for the FY2023 awards to Executive Directors as it is the key measure of successful delivery of the five-year plan announced in June 2022. The five-year total performance period and six-year total vesting period applied to the FY2023 award for our Executive Directors fully aligns with the five-year plan and is defined with multi-year targets that end with the financial year end March/April 2027.

Typically awards made under the LTIP will contain performance measures and targets that are reviewed by the Committee ahead of each grant to ensure they are challenging but achievable. Targets are reviewed annually, based on a number of internal and external reference points and will take into consideration the strategic priorities and economic environment in any given year.

Shareholding guidelines

The Committee continues to recognise the importance of Executive Directors aligning their interests with shareholders through building up a significant shareholding in the Company. Shareholding guidelines are in place that require Executive Directors to acquire, over time, a holding equivalent to 100% of base salary. Other executive management are required to acquire a holding over time equivalent to 50% of base salary. Executives are expected to retain at least 50% of any LTIP shares acquired on vesting (net of tax) until the guideline level is achieved.

Remuneration policy for other employees

Volex's approach to annual salary reviews is consistent across the Group, with consideration given to the levels of experience and responsibility, to individual performance and to salary levels in comparable companies. The Company takes into account inflationary changes in each country. The Company utilises a globally recognised job evaluation system and each year externally benchmarks the top 40 leadership positions. The Committee reviews the recommendations that arise.

The majority of our employees (excluding those who are shopfloor-based within our factories) are eligible to participate in an annual bonus scheme. The top 50 managers participate in an annual cash bonus plan that is linked directly with the Group's financial performance in the same way as it is for our Executive Directors. Typically all of the top 100 managers in the Company will have a financial measure with at least a 50% weighting linked to the operating profit of either their factory or the Group. All bonuses are payable subject to the discretion of the Remuneration Committee and only become payable once the Group has achieved its underlying operating profit in any financial year. Bonus opportunity varies by organisational level however all management bonus plans utilise a consistent framework of financial and personal objectives.

Volex's Remuneration Policy for Non-Executive Directors

The Board determines the Remuneration Policy and level of fees for the Non-Executive Directors within the limits set out in the Articles of Association. The Remuneration Committee recommends the Remuneration Policy and level of fees for the Non-Executive Directors. Non-Executive Directors are not eligible to participate in the annual bonus, LTIP or pension schemes.

The current policy is:

Purpose and link to strategy	Operation	Opportunity	Performance metrics
Fees To reflect market competitive rates for the role, as well as individual performance and contribution.	Non-Executive Directors receive a basic fee for their respective roles. Additional fees are paid to Non-Executive Directors for additional services including chairing a Board Committee or supporting the Board on matters that require significant time commitment over and above that expected to fulfil their normal duties. Fees are reviewed annually with reference to information provided by remuneration surveys; the extent of the duties performed; and the size and complexity of the Company. Fee levels are benchmarked against sector comparators and FTSE-listed companies of similar size and complexity. Fees are payable in cash.	Fee increases are applied in line with the outcome of the annual review. There is no prescribed maximum fee. It is expected that increases to Non-Executive Director fee levels will be in line with salaried employees over the life of the policy. However, in the event that there is a material misalignment with the market or a change in the complexity, responsibility or time commitment required to fulfil a Non-Executive Director role, the Board has discretion to make an appropriate adjustment to the fee level.	Not applicable.

Pay scenario charts

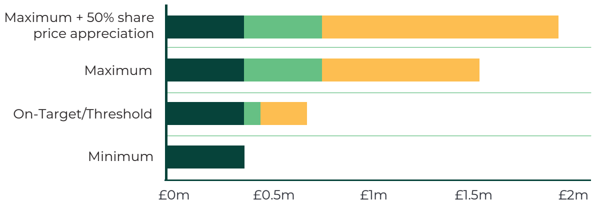
The charts below provide estimates of the potential future reward opportunity for the current Executive Directors, and the potential split between the different elements of remuneration under three different performance scenarios: 'Minimum', 'On-target/Threshold' and 'Maximum'.

Potential reward opportunities illustrated below are based on the Remuneration Policy, applied to the base salary as at 1 April 2023. For the annual bonus, the amounts illustrated are those potentially receivable in respect of performance for FY2024. For the LTIP, the award opportunities are based on the annualised value of LTIP awards granted in FY2023 which also replace the FY2024 and FY2025 awards. This approach is consistent with our remuneration policy and our rules around annual limits. It should also be noted that LTIP awards granted to the Executive Directors in FY2023 vest on the fifth and sixth anniversary of the date of grant.

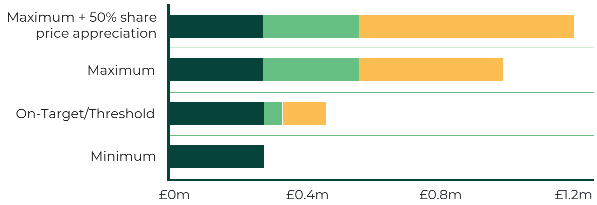
Component	Minimum	On-target	Stretch target
Fixed	Latest known base salary		
	Pension contribution applied to latest base salary		
	Other benefits as provided in the single figure table		
Annual bonus	No bonus payable	20%	100%
LTIP	No LTIP vesting	30%	100%

Remuneration Committee Report (continued)

Executive Chairman – Nathaniel Rothschild



Chief Financial Officer – Jon Boaden



External appointment

In the cases of hiring or appointing a new Executive Director from outside the Company, the Committee may make use of any or all of the existing components of remuneration, as follows:

Component	Approach	Maximum value
Base salary	The base salaries of new appointees will be determined by reference to the individual's role and responsibilities, experience and skills, relevant market data, internal relativities and their current basic salary. Where new appointees have initial basic salaries set below market, any shortfall may be managed with phased increases over a period of one to two years, subject to their development in the role.	Not applicable
Pension	New appointees will be eligible to participate in the Group's defined contribution pension plan or to receive a cash allowance.	
Benefits	New appointees will be eligible to receive benefits in line with the policy.	
Annual bonus	The annual bonus described in the policy table will apply to new appointees with the relevant maximum being prorated to reflect the proportion of employment over the year. Targets for the individual element will be tailored to the Executive.	Up to 100% of salary p.a.
LTIP	New appointees will be eligible for awards under the LTIP which will normally be on the same terms as other Executive Directors, as described in the policy table.	Up to 200% of salary p.a.

In determining an appropriate remuneration package, the Remuneration Committee will take into consideration all relevant factors (including quantum, nature of remuneration and the jurisdiction from which the candidate was recruited) to ensure that arrangements are in the best interests of both Volex and its shareholders. In addition to the above elements of remuneration, the Committee may consider it appropriate to grant an award under a different structure in order to facilitate the recruitment of an individual, exercising the discretion available to replace incentive arrangements forfeited on leaving a previous employer. Such 'buyout awards' would have a fair value no higher than that of the awards forfeited. In doing so, the Committee will consider relevant factors, including any performance conditions attached to these awards, the likelihood of those conditions being met and the proportion of the vesting period remaining.

Internal promotion

In cases of appointing a new Executive Director by way of internal promotion, the Remuneration Committee will be consistent with the policy for external appointees detailed above.

Non-Executive Directors

In the case of hiring or appointing a new Non-Executive Director, the Committee will follow the Policy as set out in the table on page 111. A base fee in line with the prevailing fee schedule would be payable for Board membership, with additional fees payable for additional services, such as chairing a Board Committee or acting as a Senior Independent Director.

Service contracts

The QCA Code and guidelines issued by institutional investors recommend that notice periods of no more than one year be set for Executive Directors and that any payments to a departing Executive Director should be determined having full regard to the duty of mitigation. It is the Company's intention to meet these guidelines, and the Company policy is that Executive Directors' service contracts may be terminated by either party on not more than 12 months' notice.

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

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

Letters of appointment are provided to the Non-Executive Directors. Non-Executive Directors have letters of appointment effective for a period of three years. Non-Executive Directors' letters of appointment are available to view at the Company's registered office.

Directors' letters of appointment and the unexpired period of their appointments (where appropriate, after extension by re-election) are set out below:

Non-Executive Directors	Date of letter	Unexpired term as at 2 April 2023	Date of appointment	Notice period
Dean Moore	18.04.2017	1 month	19.04.2020	3 months
Jeffrey Jackson	30.07.2019	29 months	19.08.2022	3 months
Sir Peter Westmacott	12.11.2020	7 months	12.11.2020	3 months
Amelia Murillo	26.01.2021	9 months	26.01.2021	3 months

Payment policy on exit and/or change of control

The Company's policy is to limit any payment made to a departing Director to contractual arrangements and to honour any pre-established commitments. As part of this process, the Committee will take into consideration the Executive Director's duty to mitigate their loss.

If employment is terminated by the Company, the departing Executive Director may have a legal entitlement (under statute or otherwise) to certain payments, which would be met. In addition, the Committee retains discretion to settle any other amounts reasonably due to the Executive Director, for example to meet the legal fees incurred by the Executive Director in connection with the termination of employment, where the Company wishes to enter into a settlement agreement (as provided for below) and the individual must seek independent legal advice.

In certain circumstances, the Committee may approve new contractual arrangements with departing Executive Directors including (but not limited to) settlement, confidentiality, restrictive covenants and/or consultancy arrangements. These will be used sparingly and only entered into where the Committee believes that it is in the best interests of the Company and its shareholders to do so.

In addition to the contractual provisions regarding payment on termination set out above, the table on page 106 summarises how the awards under the annual and deferred bonus and LTIP are typically treated in different leaver scenarios and a change of control. Although the Committee retains overall discretion on determining 'good leaver' status, it typically defines a 'good leaver' in circumstances such as injury or disability, death, redundancy, retirement with the consent of the Company or any other reason as the Committee decides. Final treatment is subject to the Committee's discretion.

Remuneration Committee Report (continued)

Event	Timing of vesting/award	Calculation of vesting/payment
Annual bonus		
'Good leaver'	Paid at the same time as continuing employees.	Eligible for an award to the extent that performance targets are satisfied and the award is prorated for the proportion of the financial year served.
'Bad leaver'	No annual bonus payable.	Not applicable.
Change of control	Generally paid immediately on the effective date of change of control, with the Committee's discretion to treat otherwise.	Eligible for an award to the extent that performance targets are satisfied up to the change of control, subject to Remuneration Committee discretion, and the award is prorated for the proportion of the financial year served to the effective date of change of control.
Deferred bonus		
'Good leaver'	Continue until the normal vesting date or earlier, at the discretion of the Committee. In the event of death of a participant, the award would vest immediately.	Outstanding awards vest in full.
'Bad leaver'	Outstanding awards are forfeited.	Not applicable.
Change of control	Vest immediately on the effective date of change of control.	Outstanding awards vest in full.
LTIP		
'Good leaver'	Continue until the normal vesting date or earlier, at the discretion of the Committee. In the event of death of a participant, the award would vest immediately.	Outstanding awards vest to the extent the performance conditions are satisfied the time of vesting and the awards are prorated to reflect the length of the vesting period served unless the Board decides otherwise. In the event of the death of a participant during the performance period, the award would vest in full.
'Bad leaver'	Outstanding awards are forfeited.	Not applicable.
Change of control	Vest immediately on the effective date of change of control.	Outstanding awards vest subject to the satisfaction of performance conditions as at the effective date of change of control, subject to Remuneration Committee discretion, and the award is prorated for the proportion of the vesting period served to the effective date of change of control unless the Board decides otherwise.

External appointments

With the approval of the Board in each case, and subject to the overriding requirements of the Group, Executive Directors may act as Non-Executive Directors to other companies and retain any fees received.

Annual Report on Remuneration

The following section provides details of how the Remuneration Policy was implemented during the year.

Remuneration Committee membership in FY2023

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

Committee member	Member throughout 2022/2023	Number of meetings attended
Dean Moore	Yes	4/4
Amelia Murillo	Yes	4/4
Jeffrey Jackson	Yes	4/4

During the year, the Committee sought internal support from the Executive Chairman and Chief Financial Officer, who attended Committee meetings by invitation from the Chair to advise on specific questions raised by the Committee and on matters relating to the performance and remuneration of senior managers. No individuals are involved in decisions relating to their own remuneration. The Company Secretary attended each meeting as Secretary to the Committee.

Agenda during FY2023

The agenda during FY2023 included:

- Approval of the FY2022 Remuneration Committee Report;
- Approval of a five-year aggregated LTIP award framework for our Executive Directors and key senior managers that is aligned with the achievement and outperformance of the Company's five-year plan announced in June 2022;
- Evaluation of share award proposals for Executive Directors and senior managers for FY2023;
- Review of Executive Directors' shareholdings;
- Review and approval of the vesting in full for the LTIP FY2020 vesting;
- On appointment LTIP awards;
- Severance packages;
- Consideration of advisory bodies' and institutional investors' current guidelines on executive compensation;
- Review and ratification of the Remuneration Policy and remuneration packages for Executive Directors and the fees payable to our Non-Executive Directors for FY2024, incorporating institutional investor feedback;
- Evaluation of the proposal for the annual bonus plan for FY2024;
- Review of the succession planning status for the top 20 management positions; and
- Review and approval of updated Terms of Reference for the Remuneration Committee.

Advisers

In undertaking its responsibilities, the Committee seeks independent external advice as necessary. To this end, for the year under review, the Committee continued to retain the services of Mercer as the principal external advisers to the Committee. The Committee evaluates the support provided by its advisers annually and is comfortable that the Mercer team provides independent remuneration advice to the Committee and does not have any connections that may impair independence.

Fees of £95,923 (FY2022: £86,440) were paid to advisers in respect of work carried out for the year under review.

Summary of shareholder voting at the FY2022 AGM

It is the Remuneration Committee's policy to consult with major shareholders prior to any major changes to its Executive Directors' remuneration structure. The table below shows the results of the vote on the FY2022 Remuneration Report at the AGM on 19 August 2022.

	FY2022 Remuneration Report	
	Total number of votes	% of votes cast
For (including discretionary)	88,335,758	97.00%
Against	2,736,019	3.00%
Total votes cast (excluding withheld votes)[1]	91,071,777	
Votes withheld	26,847	
Total votes cast (including withheld votes)	91,098,624	

1 A withheld vote is not a vote in law and is not counted in the calculation of the proportion of votes cast for and against a resolution.

Remuneration Committee Report (continued)

Single figure of Executive Director remuneration

The table below sets out a single figure for the total remuneration received by each Executive Director for the year ended 2 April 2023 and the prior year:

Name	Year	Salary	Benefits[1]	Pension[2]	Annual bonus[3]	LTIP	Deferred annual bonus (restricted shares)[3]	Total
		GBP	GBP	GBP	GBP	GBP	GBP	GBP
Nathaniel Rothschild	**2023**	**£341,810**	**£2,973**	**£30,568**	**£341,810**	**–**	**–**	**£717,161**
	2022	£333,473	£2,832	£33,347	£ 117,827	£831,300	£68,918	£1,387,697
Jon Boaden	**2023**	**£244,157**	**£3,404**	**£16,996**	**£244,157**	**–**	**–**	**£508,714**
	2022	£212,310	£3,416	£13,650	£75,016	–	£43,877	£347,999

1 Taxable value of benefits received in the year by Executives includes healthcare and life assurance.

2 Pension: Jon Boaden participates in a money purchase scheme. Jon receives a contribution from the Company equivalent to 6% of salary. Since FY2021 Nathaniel Rothschild has received an annual pension contribution equivalent to 10% of salary.

3 Annual bonus: The FY2023 targets were met and 100% of maximum bonuses were awarded. For FY2023 no bonus deferral has been been applied.

Non-Executive Director	Year	Base fee GBP	Committee fees GBP	Additional Fee GBP	Benefits GBP	Total GBP
Dean Moore	**2023**	**£55,000**	**£10,000**	**£10,000**[1]	**–**	**£75,000**
	2022	£55,000	£10,000	£10,000	–	£75,000
Jeffrey Jackson	**2023**	**£55,000**	**£10,000**	**–**	**–**	**£65,000**
	2022	£55,000	£10,000	–	–	£65,000
Sir Peter Westmacott	**2023**	**£55,000**	**£10,000**	**–**	**–**	**£65,000**
	2022	£55,000	£10,000	–	–	£65,000
Amelia Murillo	**2023**	**£55,000**	**£10,000**	**–**	**–**	**£65,000**
	2022	£55,000	£10,000	–	–	£65,000

1 Dean Moore is the Senior Independent Director, and therefore receives this additional fee as per the fee table below.

The Non-Executive Directors are not eligible for bonuses or retirement benefits and cannot participate in any share plan operated by the Company. The base fees during the year and for FY2024 are:

	Fee[1]	
	FY2024	FY2023
Non-Executive Director base fee	**£55,000**	£55,000
Senior Independent Director fee	**£10,000**	£10,000
Chair of Committee additional fee	**£10,000**	£10,000

1 Remuneration comprises an annual fee for acting as a Non-Executive Director of the Company. Additional fees are paid to Non-Executive Directors in respect of their service as Chair of a Board Committee.

Incentive outcomes for the year ended 2 April 2023

Annual bonus in respect of FY2023 performance

For FY2023, the maximum bonus potential for the Executive Directors was set at 100% of basic annual salary with 70% based on achieving an operating profit target, 10% linked to a working capital target and 20% based on achieving personal objectives. Both the operating profit and working capital targets were defined to ensure the delivery of an operating margin of between 9 and 10% in line with the Group's five-year strategy. The Company delivered an improved operating margin of 9.3%, achieving the level required for a 100% achievement and also reduced its working capital as a percentage of sales by 110 basis points compared to the target.

The performance against the criteria, as defined, determined that bonuses would be earned under the annual bonus plan at the level of 100% for Nathaniel Rothschild and 100% for Jon Boaden. Both Executive Directors are currently meeting the minimum shareholding requirement. The Remuneration Committee has authorised that the bonus for Jon Boaden should be paid fully in cash for FY2023 and that the bonus for Nathaniel Rothschild should be paid fully in shares with no deferral period applied.

Annual bonus target for FY2024 performance

Corporate targets set by the Committee require Executive Directors to deliver significant stretch performance. The Committee reviews the financial targets and personal objectives for the Executive Directors and other members of the Executive Team. The Committee has decided not to publish performance targets prospectively due to the information being considered commercially sensitive.

LTIPs

LTIP awards held by Nathaniel Rothschild of 680,000 shares vested on 10 September 2022 and LTIP awards held by Jon Boaden of 75,000 shares vested on 1 December 2022 based on the TSR target being 100% met and the cumulative profit target being 100% met. These awards were granted in FY2020 and were subject to performance conditions. 50% of the award was based on relative TSR performance and 50% based on cumulative operating profit. The awards were also subject to a potential multiplier based on absolute TSR performance whereby 100% growth in TSR over the three year performance period would result in the awards being doubled. All targets were achieved. The annualised TSR performance over the period was 47.8% per annum compared to 6.1% for the FTSE All-Share Index. The cumulative profit target required to result in an award of 100% was set at $103 million and for the performance period the Company delivered a cumulative operating profit of $130.7 million..

Scheme interests awarded in FY2023

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

	LTIP award			
	Date of grant	Number of shares	Market price at date of award	Face value
Executive Chairman	21 December 2022	950,000	250.5p	£2,380,000
Chief Financial Officer	21 December 2022	475,000	250.5p	£1,190,000

In FY2023 the Committee determined that awards in FY2023, FY2024 and FY2025 would be replaced by a single award that would align the Executive Directors and a small number of senior leaders to the achievement and outperformance of the Company's five-year plan announced in June 2022. Under this long-term award framework, 50% of the award would vest on the fifth anniversary of grant and 50% on the sixth anniversary of grant, thus providing ongoing alignment with investors and an effective retention element for our most senior talent beyond FY2027. This aggregated award was made on the basis that no further LTIP awards would be granted to participating executives before FY2026.

The FY2023 awards will vest after the fifth anniversary of the grant date when 50% will vest. The remaining 50% will vest on the sixth anniversary of the grant date. The performance condition is growth in EBIT measured over a total of five financial years and is structured into three measurement periods. The first measurement period which applies to up to 25% of the award runs to the financial year ending March 2025, the second measurement period which applies to up to 50% of the award runs to the financial year ending March 2026 and the third and final measurement period applies to up to 100% of the award and runs to the financial year ending March 2027. The first vesting occurs on 6 December 2027 (approximately five years after grant) and the second vesting occurs on 6 December 2028 (approximately six years after the grant date).

The FY2023 awards to the Executive Chairman and to the Chief Financial Officer replaced annual awards that would have been made in FY2023, FY2024 and FY2025. The FY2023 amounted to approximately 591% (197% on an annualised basis) and 437% (146% on an annualised basis) of the FY2024 base salary, respectively, for each Executive Director. The value of the award has been calculated on the date of grant by reference to the middle market quotation at the close of the preceding day.

Specific targets for future operating profit are deemed to be commercially sensitive and will not be published until such time that the Committee is confident there will be no adverse impact on the Company of such disclosure.

Non-Executive Director fees

There was no increase in the Non-Executive Director fees during FY2023. This continues to be reviewed by the Board on an annual basis. The most recent increase to the Non-Executive Director fees occurred in FY2021.

Payments for loss of office

No Executive Director or PDMR lost their office during FY2023.

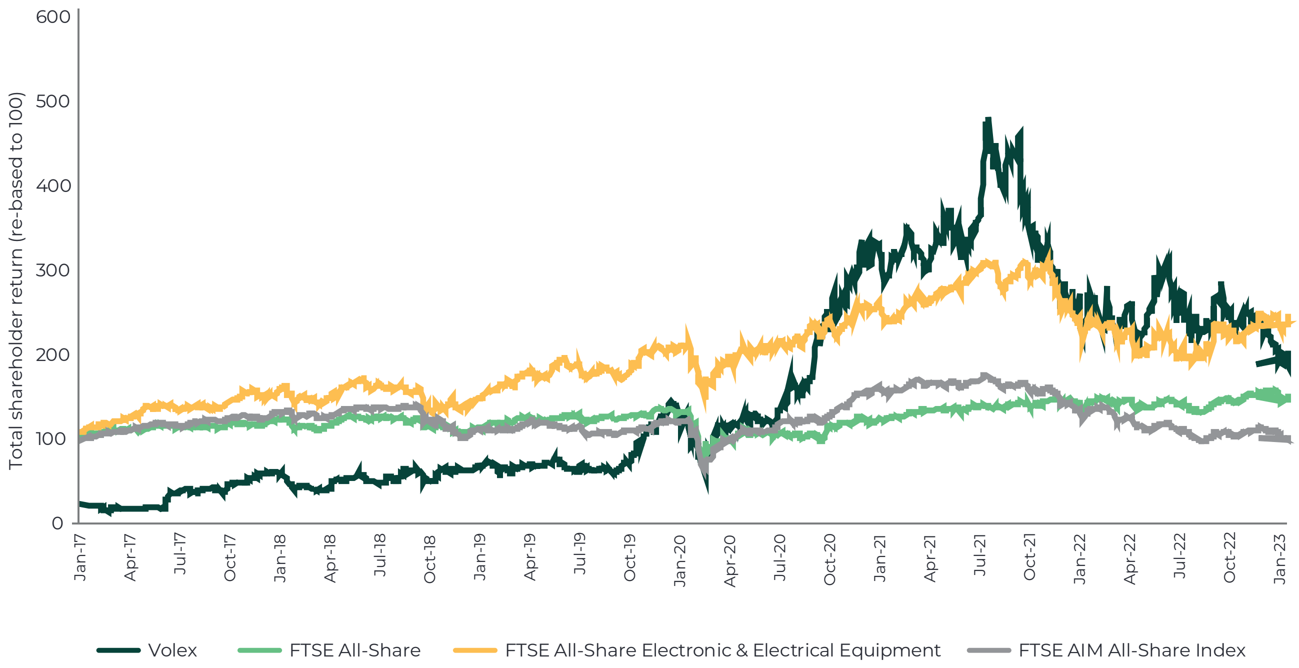
Payments to past Directors

No payments were made to past Directors during the year.

Remuneration Committee Report (continued)

Seven-year TSR performance review and CEO single figure

The following graph charts the TSR of the Company and the FTSE All-Share, FTSE All-Share Electronic and Electrical Equipment and FTSE AIM All-Share indices over the seven-year period from March 2016 to March 2023. In the opinion of the Directors, these indices are the most appropriate against which the total shareholder return of Volex should be measured.



Note: TSR is calculated on a common currency basis.

The table below details the single figure remuneration for the CEO and Executive Chairman over the same period.

	2017	2018	2019	2020	2021	2022	2023
Executive Chairman single figure of remuneration (£'000)	392	534	620	1,657	1,597	1,388	**717**
Annual bonus payout (% of maximum)	50%	74%	97%	98%	98%	56%	**100%**
PSP/LTIP vesting (% of maximum)	0%	0%	88%	100%	100%	100%	**100%**

Implementation of Executive Director Remuneration Policy for FY2024

Base salary

Market positioning of base salary is approached on an individual basis, taking account of advice received from the Committee's independent advisers on the rates of salary for similar roles in selected groups of comparable companies, and the individual performance and experience of each Executive. Each role has been independently evaluated and this job evaluation reference provides the Committee with a more precise reference for assessing the competitiveness of Executive compensation with consideration being given to base, total cash-based compensation and total direct compensation. The aim is for overall levels of remuneration to be at or around market median through base salary and bonus that is set around the lower quartile but with long-term incentives set above median.

The Committee reviewed salaries during the year and agreed that salaries for Nathaniel Rothschild and for Jon Boaden should be increased in line with the UK workforce average of 7% plus an additional uplift as shown below to reflect their performance and contribution. The approach taken for the Executive Directors is consistent with that for other high performing employees whose salaries were found to be below market. As a result of these changes the current salaries remain at or below the lower quartile for similarly-sized engineering businesses.

	Base salary in place prior to review	Base salary effective from 1 April 2023	Percentage increase from 1 April 2023: Workforce +
Nathaniel Rothschild	341,810	390,000	7.1%
Jon Boaden	244,157	263,520	0.9%

Pension

There were no material changes to Pension arrangements during FY2023. The Chief Financial Officer receives a pension contribution of 6% of salary through a salary sacrifice arrangement and, in addition, the National Insurance savings for both the employee and the employer are reinvested into the employee's monthly contribution. This is a standard arrangement for our UK-based employees. The Executive Chairman receives a pension contribution of 10% of salary.

Annual bonus

The annual bonus for FY2024 will operate on the criteria set out in the Policy. The Committee has approved a maximum annual bonus opportunity of 100% of salary for the Executive Directors. Proposed target levels have been set to be challenging relative to the FY2024 business plan and will, as for FY2023, be weighted towards financial measures and will retain an element for the achievement of personal objectives. As in FY2023, subject to the Directors continuing to meet the share ownership guidelines it is intended that these will be paid in cash or fully vested shares without deferral.

LTIP

In FY2023 the Committee determined that awards in FY2023, FY2024 and FY2025 should be combined into a single award that would align the Executive Directors and a small number of senior leaders to the achievement and outperformance of the Company's five-year plan announced in June 2022. Under this award framework, awards would vest over two successive years commencing on the fifth anniversary of the award date to ensure that participants remain exposed to share price movements following the vesting of awards and to support the retention of our most senior talent beyond FY2027. For our Executive Directors and other participating individuals, the performance conditions will be linked solely to our EBIT performance over three measurement periods. The first measurement period runs to the financial year ending March 2025, the second measurement period runs to the financial year ending March 2026 and the third and final measurement period runs to the financial year ending March 2027 with the first vesting date being 6 December 2027 and the second vesting date being 6 December 2028.

Specific targets for future operating profit are deemed to be commercially sensitive and will not be published until such time that the Committee is confident there will be no adverse impact on the Company of such disclosure.

Non-Executive Director fees

The Board determined that there would be no change to Non-Executive Director fees for FY2024 after previously increasing them at the start of FY2022.

	FY2023 fees	FY2024 fees
Base fees		
Chairman	–	**–**
Non-Executive Director	£55,000	**£55,000**
Additional fees		
Audit Committee Chair	£10,000	**£10,000**
Remuneration Committee Chair	£10,000	**£10,000**
Nominations Committee Chair	£10,000	**£10,000**
Safety, Environmental and Sustainability Committee Chair	£10,000	**£10,000**
Senior Independent Director	£10,000	**£10,000**

Remuneration Committee Report (continued)

Directors' interests

The table below shows the Directors' interests in shares and the extent to which Volex's shareholding guidelines are achieved.

	Number of shares held as at 2 April 2023 (or date of resignation)	Current shareholding (% salary/fees)	Shareholding[1] guideline (as % of salary)	Guideline met
Nathaniel Rothschild[2]	39,321,176	24,848%	100%	Yes
Jon Boaden[3]	15,054	13%	100%	Yes
Dean Moore	15,000	n/a	n/a	n/a
Jeffrey Jackson	12,500	n/a	n/a	n/a
Sir Peter Westmacott	5,900	n/a	n/a	n/a
Amelia Murillo	–	n/a	n/a	n/a

1 The shareholding guidelines were approved by the Remuneration Committee in March 2014. The guidelines require the Executive Chairman and the Chief Financial Officer to acquire over time (to the extent they have not already done so) and maintain an ownership level of holdings of shares in Volex plc equal to gross basic salary. There is no time limit defined for achieving the target level. Senior Executives, as defined by the Remuneration Committee, must (unless a waiver is obtained from the Committee) retain a minimum of 50% of net shares (after statutory deductions) acquired under the relevant Employee Equity Plans until the relevant ownership level is met.

2 Nathaniel Rothschild's shareholding is held directly and through NR Holdings Limited.

3 Jon Boaden meets the guidelines requirements based on the net of tax value of the vested but unexercised share options disclosed in the table below.

The table below shows the Executive and Non-Executive Directors' interests in shares which includes all shares owned beneficially together with those interests in shares which have vested and are no longer subject to deferral or performance conditions and may be included as an interest in shares under Volex's shareholding guidelines plus those shares and options over which future performance conditions remain.

	Not subject to performance			Subject to performance		
	Shares held	Vested but unexercised	Deferred bonus shares (FY2023)	LTIP	Deferred Shares	Total
Nathaniel Rothschild	39,321,176	340,000[1]	29,389	1,332,500	–	41,023,065
Jon Boaden	15,054	225,000	18,711	672,500	–	931,265
Dean Moore	15,000	–	–	–	–	15,000
Jeffrey Jackson	12,500	–	–	–	–	12,500
Peter Westmacott	5,900	–	–	–	–	5,900
Amelia Murillo	–	–	–	–	–	–

1 These awards were granted in 2019 and were subject to a multiplier. On exercise, Nathaniel Rothschild will be eligible to receive 680,000 shares.

Directors' interests in shares and options under Volex PSP and LTIP

Details of the Directors' interests in long-term incentive schemes are set out below. Details, including an explanation of the movements during FY2023, are set out on page 109 of this Remuneration Report.

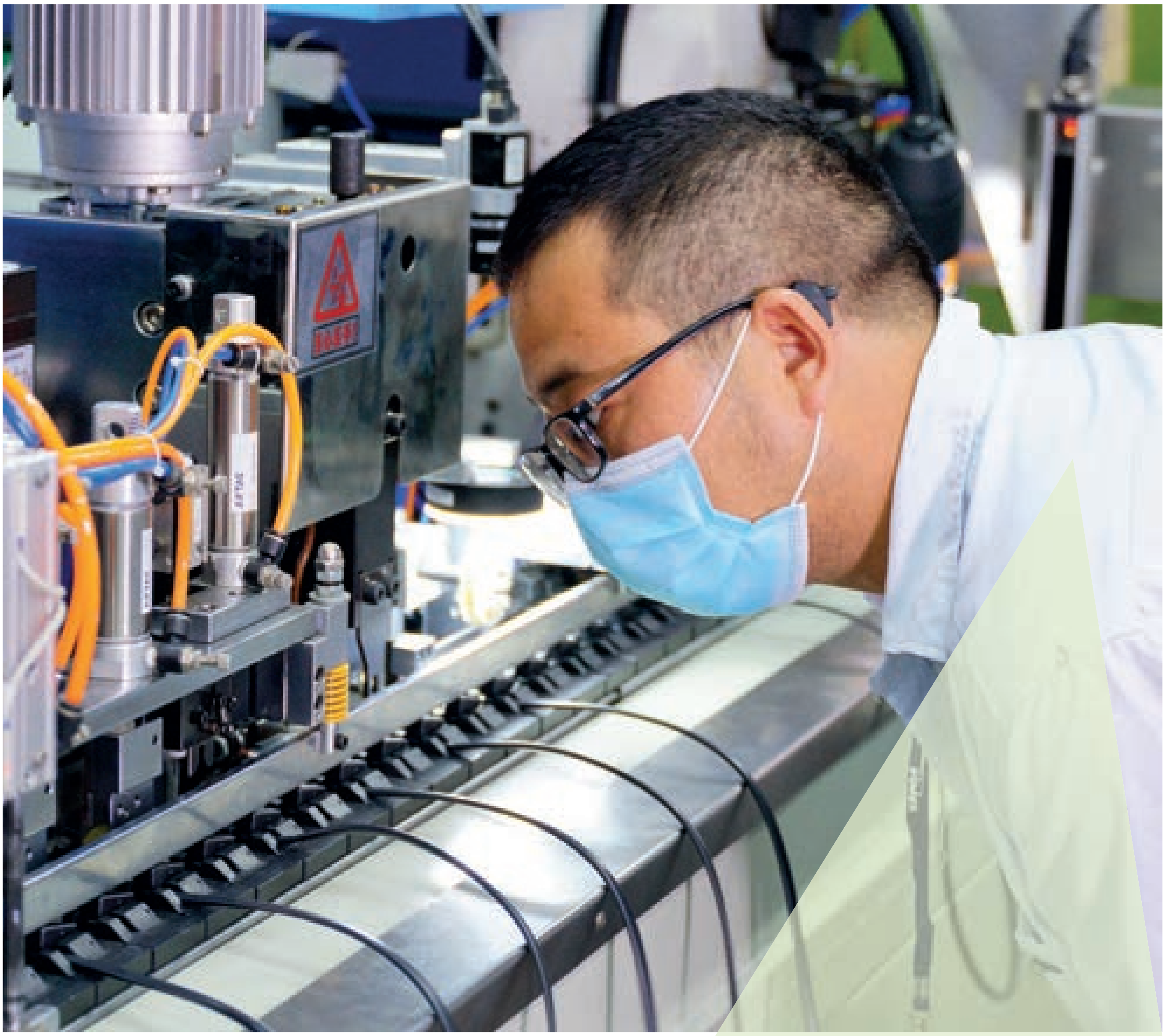
Directors' interest in shares and options under the Volex Long Term Incentive Plan (LTIP).

	Number of shares subject to options held at 3 April 2022	Number of shares subject to LTIP options granted during FY2023	Number of shares subject to LTIP options exercised during FY2023	Number of shares subject to LTIP options lapsed during FY2023	Number of shares subject to option held at 2 April 2023	Exercise price of shares subject to LTIP options (£)
Nathaniel Rothschild	722,500	950,000	–	–	1,672,500	–
Jon Boaden	422,500	475,000	–	–	897,500	0 - 0.25

The Remuneration Committee Report was approved by the Board of Directors on 21 June 2023 and signed on its behalf by:

Amelia Murillo

Amelia Murillo
Chair of the Remuneration Committee



Directors' Report

The Directors of the Company present their Annual Report and audited consolidated financial statements for the year ended 2 April 2023 in accordance with section 415 of the Companies Act 2006.

As permitted by Paragraph 1A of Schedule 7 to the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 certain matters which are required to be disclosed in the Report of the Directors have been omitted as they are included in the Strategic Report on pages 16 to 76. These matters relate to a full review of the performance of the Group for the year, current trading and future outlook. The statement by the Directors in performance of their statutory duties in accordance with section 172(1) Companies Act 2006 is provided on page 76.

Results and dividend

Results for the year ended 2 April 2023 are set out in the Consolidated Income Statement on page 126.

The Board is recommending payment of a final dividend of 2.6 pence per share for the 52 weeks ended 2 April 2023 (FY2022: 2.4 pence). Together with the interim dividend of 1.3 pence per share paid on 16 December 2022 (FY2022: 1.2 pence), this makes a total for the year of 3.9 pence (FY2022: 3.6 pence).

Important events since the end of the financial year

No important events have taken place in the period between 3 April 2023 and 21 June 2023.

Directors

The Directors who were in office during the year and up to the date the financial statements were signed are as follows:

Executive Directors

Nathaniel Rothschild
Jon Boaden

Non-Executive Directors

Dean Moore
Jeffrey Jackson
Sir Peter Westmacott
Amelia Murillo

Biographical details of the Directors currently serving on the Board and their dates of appointment are set out on pages 80, 81 and 105.

Powers of Directors

The Directors may exercise all the powers of the Company, subject to any restrictions in the Company's Articles of Association, any relevant legislation and any directions given by the Company, by passing a special resolution at a general meeting.

In particular, the Directors may exercise all the powers of the Company to borrow money, subject to the limitation that the aggregate amount of all money borrowed by the Group and owing to persons outside the Group shall not, without the sanction of an ordinary resolution of the Company, exceed an amount equal to three times the aggregate of the Group's capital and reserves calculated in the manner prescribed by the Company's Articles of Association.

Appointment and replacement of Directors

The Company's approach to the appointment and replacement of Directors is governed by its Articles of Association (together with relevant legislation).

The number of Directors should be no fewer than three and no more than 15. Directors may be appointed by the Company by ordinary resolution or by the Board of Directors.

At each Annual General Meeting, all Directors who (i) were appointed by the Board since the last Annual General Meeting, (ii) held office at the time of the two preceding Annual General Meetings and who did not retire at either of them, or (iii) have held office (other than employment or executive office) for a continuous period of nine years or more, shall automatically retire.

At the meeting at which the Director retires, the members may pass an ordinary resolution to fill the office being vacated by electing the retiring Director or some other person eligible for appointment to that office. In default, the retiring Director shall be deemed to have been elected or re-elected (as the case may be) unless (i) it is expressly resolved at the meeting not to fill the vacated office or the resolution of such election or re-election is put to the meeting and lost, or (ii) such Director has given notice that he or she is unwilling to be elected or re-elected, or (iii) the procedural requirements set out in the Company's Articles of Association are contravened.

The Company may, by ordinary resolution, remove any Director before the expiration of his or her term of office.

As set out in the Company's Articles of Association, there are also circumstances where a Director will immediately cease to hold office. These circumstances include where he or she is prohibited by law from being or acting as a Director or where he or she has been made bankrupt.

Directors' indemnities and insurance

In accordance with the Companies Act 2006 and the Company's Articles of Association, the Company has purchased Directors' and Officers' Liability Insurance. This qualifying third party indemnity, in line with section 234 of the Companies Act, was in force throughout the last financial year and is currently in force at the date of this report. The Company reviews its insurance policies on an annual basis in order to satisfy itself that its level of cover remains adequate.

Directors' share interests

The number of ordinary shares of the Company in which the Directors are beneficially interested at 2 April 2023 is set out in the Remuneration Committee Report on page 112.

Articles of Association

Any amendments to the Articles of Association of the Company may be made by special resolution of the shareholders.

Share capital
Details of the Company's share capital are set out in note 23 to the financial statements. The Company's share capital consists of one class of ordinary shares which do not carry rights to fixed income. As at 2 April 2023, there were 159,107,085 ordinary shares of 25p each in issue.

A new authority to allot shares will be sought at the forthcoming Annual General Meeting.

Voting rights
Ordinary shareholders are entitled to receive notice of, and in normal circumstances to attend and speak at, general meetings. Each shareholder present in person or by proxy (or by duly authorised corporate representative) shall, on a show of hands, have one vote. On a poll, each shareholder present in person or by proxy shall have one vote for each share held.

Restrictions on transfer of shares
Other than the general provisions of the Articles of Association (and prevailing legislation) there are no specific restrictions on the size of a holding or on the transfer of the ordinary shares.

The Directors are not aware of any agreements between the Company's shareholders that may result in the restriction of the transfer of securities or on voting rights. No shareholder holds securities carrying any special rights or control over the Company's share capital.

Significant shareholders
The Company had been advised of the following notifiable direct and indirect interests in 3% or more of its issued share capital as at 1 June 2023.

Shareholder	Number of ordinary shares of 25p each	Percentage of total voting rights
NR Holdings Limited[1]	39,321,176	24.72
Hargreaves Lansdown Asset Management	9,700,223	6.10
Ruffer	9,670,625	6.08
Investec Wealth & Investment	8,903,965	5.60
Interactive Investor	6,451,522	4.05
Herald Investment Management	5,089,020	3.20

1 The Executive Chairman, Nathaniel Rothschild, is a beneficiary of NR Holdings Limited. The number of shares noted here also includes those he holds directly.

Authority to purchase own shares
The Company was authorised by shareholder resolution at the 2022 Annual General Meeting to purchase up to 10% of its issued share capital. No shares were purchased pursuant to this authority during the year. A resolution to renew this authority will be proposed at the forthcoming Annual General Meeting. Under this authority, any shares purchased will either be cancelled, resulting in a reduction of the Company's issued share capital, or held in treasury.

Employee share schemes
The Company does not have any employee share schemes with shares which have rights with regard to the control of the Company that are not exercisable directly by the employees.

Significant agreements/change of control
The Company is a party to a revolving credit facility in which the counterparties can determine whether or not to cancel the agreement where there has been a change of control of the Company.

Details of the Directors' service contracts can be found in the Remuneration Committee Report on pages 104 and 105.

Future developments
The development of the business is detailed in the Strategic Report on pages 16 to 76.

Research and development
The Company's research and development activities are focused on driving innovation throughout the product portfolio, to enable it to deliver new or enhanced customer-specific connection solutions. We have continued to recruit design and development expertise and pursue the development of patents where relevant.

Employees
The Company's disclosures on employee policies and involvement can be found in the Sustainability Report on pages 68 to 70.

Relationships with suppliers, customers and other business partners
Information on the Company's management of its business relationships can be found in the Strategic Report on pages 74 and 75.

Directors' Report
(continued)

Corporate governance
The Company follows and complies with, subject to some exceptions, the provisions of the Quoted Companies Alliance's Corporate Governance Code. The Company's corporate governance practice is outlined in the Corporate Governance Report on pages 84 to 89.

Political and charitable donations
The Group regularly contributes to local communities through fundraising and charity events. The Company did not make any political donations during the year.

Energy use and emissions
The disclosures on energy use and greenhouse gas emissions are made within the Sustainability Report on page 66.

Financial risk management
The Company's objectives and policies on financial risk management, including information on the exposure of the Company to strategic, operational, financial and compliance risks and in relation to the use of financial instruments, are set out in note 31 to the financial statements and in the Group Risk Management section on pages 44 to 49.

Overseas branches
During the year, no new or additional overseas branches were established.

Going concern statement
The Group's financial statements have been prepared on the going concern basis, which contemplates the continuity of normal business activity with 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 end of September 2024, which is based on the FY2024 Board-approved budget. The Directors have performed sensitivity analysis on the cash flow forecast using a base case and downside scenario that take into account the principal risks and uncertainties set out on pages 44 to 49 of the Annual Report. The Directors have considered the potential impact of climate change on the going concern assessment and do not believe there to be a significant impact in the going concern period. The severe but plausible downside scenario models a 15% reduction in year-on-year revenue, equivalent to the worst result in recent history, and still provides significant covenant and liquidity headroom. The Directors have considered the impact of potential acquisitions in both the base case and severe but plausible downside scenarios where appropriate.

Based on their assessment and these sensitivity scenarios, the Directors are satisfied that there are no material uncertainties regarding 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.

Having taken these into account, the Directors have, at the time of approving the financial statements, a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for at least 12 months from the date of these financial statements. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

Auditors and disclosure of information to auditors
Each of the persons who is a Director at the date of approval of this Annual Report confirms that:

- So far as the Director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- The Director has taken all the steps that he or she ought to have taken as a Director in order to make himself or herself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

The above confirmation is given and should be interpreted in accordance with the provisions of Section 418 of the Companies Act 2006.

PricewaterhouseCoopers LLP have expressed their willingness to continue in office as auditors and a resolution seeking to reappoint them will be proposed at the forthcoming Annual General Meeting.

Annual General Meeting
The Company's Annual General Meeting will be held on 27 July 2023. Details of the arrangements and the resolutions to be proposed are set out in a separate Notice of Annual General Meeting.

This report was approved by the Board of Directors of Volex plc and signed on its behalf by:

Jon Boaden
Chief Financial Officer

21 June 2023

Statement of Directors' Responsibilities

in respect of the financial statements

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the Group financial statements in accordance with UK-adopted international accounting standards and the company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law).

Under company law, Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Company and of the profit or loss of the Group for that period. In preparing the financial statements, the Directors are required to:

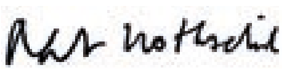
- select suitable accounting policies and then apply them consistently;
- state whether applicable UK-adopted international accounting standards have been followed for the Group financial statements and United Kingdom Accounting Standards, comprising FRS 101 have been followed for the company financial statements, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and Company will continue in business.

The Directors are also responsible for safeguarding the assets of the Group and Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's and Company's transactions and disclose with reasonable accuracy at any time the financial position of the group and company and enable them to ensure that the financial statements comply with the Companies Act 2006.

The Directors are responsible for the maintenance and integrity of the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

On behalf of the Board



Nathaniel Rothschild
Executive Chairman

Jon Boaden
Chief Financial Officer

21 June 2023

Independent Auditors' Report to the Members of Volex plc

Report on the audit of the financial statements

Opinion

In our opinion:

- Volex plc's Group financial statements and Company financial statements (the "financial statements") give a true and fair view of the state of the Group's and of the Company's affairs as at 2 April 2023 and of the Group's profit and the Group's cash flows for the 52 week period then ended;
- the Group financial statements have been properly prepared in accordance with UK-adopted international accounting standards as applied in accordance with the provisions of the Companies Act 2006;
- the Company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, including FRS 101 "Reduced Disclosure Framework", and applicable law); and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Accounts (the "Annual Report"), which comprise: the Consolidated and Company Statements of Financial Position as at 2 April 2023; the Consolidated Income Statement and Consolidated Statement of Comprehensive Income, the Consolidated and Company Statements of Changes in Equity, and the Consolidated Statement of Cash Flows for the period then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, as applicable to other listed entities of public interest, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

To the best of our knowledge and belief, we declare that non-audit services prohibited by the FRC's Ethical Standard were not provided.

We have provided no non-audit services to the Company or its controlled undertakings in the period under audit.

Our audit approach

Overview

Audit scope

- We conducted a full scope audit of 8 components which were selected due to their size and risk characteristics.
- Specified audit procedures were performed on certain financial statement line items at a further 4 components.
- This enabled us to obtain 77% coverage of revenue, 67% of profit before tax, adjusting items and share-based payments and 74% of net assets of the Group. Desktop review procedures were performed on the remaining components.
- To ensure sufficient oversight of our component audit teams, the Group team performed a number of procedures throughout the audit which included directing the audit approach and procedures, site visits, conducting file reviews and meetings with local management and the component teams both remotely and in-person.

Key audit matters

- Accounting for business combinations (Group)
- Accounting for uncertain tax positions (Group)
- Carrying value of investments in subsidiaries (Company)

Materiality

- Overall Group materiality: $2,900,000 (2022: $2,570,000) based on 5% of of profit before tax, adjusting items and share-based payments.
- Overall Company materiality: £2,339,000 (2022: £2,302,000) based on 1% of total assets capped at allocated component materiality.
- Performance materiality: $2,175,000 (2022: $1,927,000) (Group) and £1,754,000 (2022: £1,726,000) (Company).

The scope of our audit

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements.

Key audit matters

Key audit matters are those matters that, in the auditors' professional judgement, were of most significance in the audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by the auditors, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters, and any comments we make on the results of our procedures thereon, were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

This is not a complete list of all risks identified by our audit.

Accounting for uncertain tax positions (Group) and carrying value of investments in subsidiaries (Company) are new key audit matters this year. Classification of adjusting items (Group), which was a key audit matter last year, is no longer included because the adjusting items that are processed through the financial statements have not changed year-on-year. We have not identified any material misstatements from our audit work in prior years. As such, we have concluded that there is no heightened risk in this area. Otherwise, the key audit matters below are consistent with last year.

Key audit matter	How our audit addressed the key audit matter
Accounting for business combinations (Group) As disclosed in note 2 and note 35 to the consolidated financial statements, during the year the Group acquired 100% of the issued share capital of GSRG Holdings Limited ('GSRG'), the holding Company for Review Display Systems Limited ('RDS') for $5.5m. The transaction is considered to be a business combination under IFRS 3. Accounting for business combinations is complex and involves judgement around identification and determination of the fair value of consideration paid and payable, and assessment of the fair value of assets and liabilities acquired. The acquisition resulted in a $1.5m increase in goodwill and a $1.8m increase in intangible assets. Management utilised their in-house specialism to determine the fair value of the assets and liabilities acquired. The acquisition agreement included earn-out clauses for the post acquisition period. The assessment for whether this was post acquisition remuneration or contingent consideration required management judgement. Given the complexity around the judgements and estimates associated with business combinations as disclosed in note 2 to the consolidated financial statements, there is a risk that the accounting treatment may be incorrect and as such this is a key audit matter.	We obtained management's fair value calculations and evaluated the key judgements and estimates made by management in determining the fair value of net assets acquired; this included the identification of intangible assets related to customer relationships, order books and the associated useful life. We focused on this area due to the complexity around judgements and estimates made in accounting for the acquisitions. We undertook the following procedures: ▶ We have reviewed management's fair value assessment. ▶ We used our valuation experts to evaluate the key assumptions, including customer values, and discount rates used by management. We benchmarked these to external data and challenged the assumptions based on our knowledge of the Group and the industries within which the businesses operate. ▶ We obtained and reviewed the sale and purchase agreements. ▶ We obtained management's fair value calculations of the consideration, including consideration for any contingent consideration and deferred consideration elements, and assessed the appropriateness of the calculations. ▶ For the assets and liabilities acquired, we tested a selection to supporting documentation and recalculated estimates to gain comfort over the fair value at acquisition. There were no material differences. ▶ In respect of the fair value of the intangibles, we obtained management's discounted cash flow calculations and assessed the reasonableness of the assumptions. Key assumptions made by management included discount rate, forecast sales, customer attrition rate and the estimated economic life of the acquired intangibles. Based on our procedures, we found no material exceptions and overall considered management's key assumptions to be within an acceptable range. We also reviewed the related disclosures in the notes to the financial statements for compliance with accounting standards and consistency with the results of our work, with no matters arising.
Accounting for uncertain tax positions (Group) As disclosed in note 2, note 10 and note 21 to the consolidated financial statements, the Group operates in a number of jurisdictions and has recognised provisions for potential tax exposures, such as transfer pricing arrangements and changing tax legislation in various individual jurisdictions. As at 2 April 2023, the Group had $10.4m (2022: $7.2m) included in current tax liabilities and $2.6m (2022: ($1.5m)) included in deferred tax assets in respect of the estimated impact on tax liabilities and recognised tax losses, giving a total net liability of $7.8m (2022: $8.7m) recognised for uncertain tax positions. The valuation and completeness of tax provisions in the financial statements requires management judgement. Given the complexity over the judgement and estimates made in arriving at the provision, there is a risk that the provision recognised may be incorrect and as such this is a key audit matter.	We obtained management's uncertain tax positions calculations and evaluated the key judgements and estimates made by management. ▶ We used our tax specialists to evaluate the key assumptions made by management. ▶ We challenged management's future cash flow forecasts used to support the recognition of any tax benefits. ▶ We received reporting from our overseas component teams in assessing the completeness of uncertain tax positions. ▶ We also reviewed the related disclosures in the notes to the financial statements for compliance with accounting standards and consistency with the results of our work, with no matters arising. Based on our procedures, we found no material exceptions and overall considered management's key assumptions supporting the uncertain tax position to be reasonable.

Independent Auditors' Report to the Members of Volex plc (continued)

Key audit matter	How our audit addressed the key audit matter
Carrying value of investments in subsidiaries (Company) Refer to note 2 and note 5 of the Company financial statements. The Company holds investments amounting to £191.8m (2022:£191.3m) at 2 April 2023. The investments consist of £140.3m (2022: £129.8m) of investments in shares and £51.5m (2022: £61.5m) of loans. Investments in subsidiaries are all stated at cost less provision for impairment while loans are carried at amortised cost. As required by IAS 36, management has assessed if there is any indication that the investments balance may be impaired at the reporting date. If any such indication exists, the entity shall estimate the recoverable amount of the asset. The assessment of potential impairment indicators involves management judgement. No impairment indicators were identified by management at the reporting date and no impairment charge on investments has been recorded in the period ended 2 April 2023.	We obtained management's impairment assessment of the investment at the period end. We challenged management on the completeness of their assessment by comparing the items assessed with those required to be considered per the requirements of IAS 36 and our knowledge of the business. Management's assessment included comparing the Group's market capitalisation at 2 April 2023, which we verified to an external source, to the Company's net assets. We compared the carrying value of the investments to the net assets of the underlying subsidiaries. We corroborated management's assessment to the results of the goodwill impairment review at a Group level. No inconsistencies were noted. We assessed the model used by management to calculate the impairment risk of intercompany receivables in line with IFRS 9 Financial Instruments principles. Based on the procedures performed, we noted no material issues arising from our work.

How we tailored the audit scope

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the Group and the Company, the accounting processes and controls, and the industry in which they operate.

In establishing the overall approach to the Group audit, we determined the type of work that needed to be performed by us, as the Group audit team, or through involvement of our component auditors. The Group operates across multiple countries in Asia, Europe and North America. Our approach gives us sufficient coverage on all segments.

Where work was performed by component auditors, we determined the level of involvement we needed to have in the audit work for each reporting unit to be able to conclude whether sufficient appropriate audit evidence had been obtained as a basis for our opinion on the Group financial statements as a whole. We were able to perform site visits to Volex Inc, DE-KA, Volex (Asia) Pte, and PT Volex Indonesia. For all the other components, we conducted our oversight of the component teams through video conferencing and remote working paper reviews and other forms of communication as considered necessary to satisfy ourselves as to the appropriateness of audit work performed by our component teams.

The Group audit team performed the work over Servatron, inYantra and the head office branch of the Company, with our component auditors in Poland performing the work in respect of the significant branches of the Company for which the books and records are located in that territory. The Group audit team performed the audit of the consolidation.

We identified 8 components which, in our view, required an audit of their complete financial information, either due to their size or risk characteristics. This included the operating subsidiaries and branches in Turkey, China, Republic of Ireland, Indonesia, Mexico, and Poland. Specified audit procedures on certain financial statement line items were also performed on a further 4 components. The above gave us coverage of 77% of revenue, 67% of profit before tax, adjusting items and share-based payments, and 74% of net assets of the Group. Desktop review procedures were performed on all other components. As a whole, these procedures gave us the evidence we needed for our opinion on the Group financial statements.

The impact of climate risk on our audit

In planning our audit, we considered the potential impacts of climate change on the Group's business and financial statements. We:

- made enquiries of management to understand the extent of the potential impact of climate risk on the Group's and Company's financial statements;
- reviewed management's risk assessment and governance processes in place to address climate risk impacts;
- evaluated management's assessment of the impact of climate risk on the financial statements, including the potential impact on the underlying assumptions and estimates;
- obtained an understanding of the carbon reduction commitments made by the Group and the potential implications of these for the financial statements; and
- remained alert when performing our audit procedures for any indicators of the impact of climate risk. Our procedures did not identify any material impact as a result of climate risk on the Group's and Company's financial statements.

Materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate, on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

	Financial statements - Group	Financial statements - Company
Overall materiality	$2,900,000 (2022: $2,570,000).	£2,339,000 (2022: £2,302,000).
How we determined it	5% of profit before tax, adjusting items and share-based payments.	1% of total assets capped at allocated component materiality.
Rationale for benchmark applied	We consider profit before tax, interest, adjusting items and share-based payments a key measure of the underlying profitability of the business and to be the primary measure used by shareholders in assessing the performance of the Group.	Total assets was considered an appropriate benchmark to use due to the Company's status primarily as an investment holding Company. However, this would have given a materiality level in excess of the materiality allocated to the component determined through our Group scoping exercise. Accordingly, Company materiality was capped at the Group component materiality allocation.

For each component in the scope of our Group audit, we allocated a materiality that is less than our overall Group materiality. The range of materiality allocated across components was between $400,000 and $1,500,000. Certain components were audited to a local statutory audit materiality that was also less than our overall Group materiality.

We use performance materiality to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds overall materiality. Specifically, we use performance materiality in determining the scope of our audit and the nature and extent of our testing of account balances, classes of transactions and disclosures, for example in determining sample sizes. Our performance materiality was 75% (2022: 75%) of overall materiality, amounting to $2,175,000 (2022: $1,927,000) for the Group financial statements and £1,754,000 (2022: £1,726,000) for the Company financial statements.

In determining the performance materiality, we considered a number of factors - the history of misstatements, risk assessment and aggregation risk and the effectiveness of controls - and concluded that an amount at the upper end of our normal range was appropriate.

We agreed with those charged with governance that we would report to them misstatements identified during our audit above $145,000 (Group audit) (2022: 128,500) and £110,000 (Company audit) (2022: £96,000) as well as misstatements below those amounts that, in our view, warranted reporting for qualitative reasons.

Conclusions relating to going concern

Our evaluation of the Directors' assessment of the Group's and the Company's ability to continue to adopt the going concern basis of accounting included:

- Obtaining and reviewing the Group and Company cash flow forecasts for the going concern period, challenging the Directors' assumptions used and verifying that these were consistent with our existing knowledge and understanding of the business, as well as with the Board-approved budget;
- Reviewing the Group and Company cash flow forecasts for both the base case and a severe but plausible downside scenario, evaluating the assumptions used, and verifying the Group's and Company's ability to maintain liquidity within the going concern period under these scenarios;
- Testing the model for mathematical accuracy and assessing the reasonableness of sensitivities performed by management;
- We read and understood the key terms of its committed debt facilities to understand any terms and tested compliance with the loan covenants;
- Assessing the adequacy of the disclosure provided in note 2 'Basis of Accounting' of the financial statements; and
- We performed sensitivity testing of management model and considered the results of reverse stress testing. These sensitivities included the impact of potential acquisitions on the Group's liquidity and covenant headroom.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group's and the Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the Group's and the Company's ability to continue as a going concern.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

Independent Auditors' Report to the Members of Volex plc (continued)

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our Auditors' Report thereon. The Directors are responsible for the other information, which includes reporting based on the Task Force on Climate-related Financial Disclosures (TCFD) recommendations. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the period ended 2 April 2023 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the Group and Company and their environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the Directors for the financial statements

As explained more fully in the Statement of Directors' Responsibilities in respect of the financial statements, the Directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The Directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditors' Report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the Group and industry, we identified that the principal risks of non-compliance with laws and regulations related to compliance with corporation tax legislation in jurisdictions in which the Group operates, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls) and determined that the principal risks were related to posting inappropriate journal entries to manipulate financial results, risk of fraud in revenue recognition and potential management bias in accounting estimates. The Group engagement team shared this risk assessment with the component auditors so that they could include appropriate audit procedures in response to such risks in their work. Audit procedures performed by the Group engagement team and/or component auditors included:

- Enquiry of Directors, management and the Company's in-house legal and compliance team around actual and potential non-compliance with laws and regulations and fraud;
- Inspection of supporting documentation where appropriate;
- Reviewing minutes of meetings of the Board of Directors;
- Identifying and testing journal entries, in particular any journal entries posted with unusual account combinations;
- Challenging assumptions and judgements made by management in relation to their significant accounting judgements and estimates; and
- Review of related work performed by the component audit teams, including their responses to risks related to management override of controls and to the risk of fraud in revenue recognition.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

Our audit testing might include testing complete populations of certain transactions and balances, possibly using data auditing techniques. However, it typically involves selecting a limited number of items for testing, rather than testing complete populations. We will often seek to target particular items for testing based on their size or risk characteristics. In other cases, we will use audit sampling to enable us to draw a conclusion about the population from which the sample is selected.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

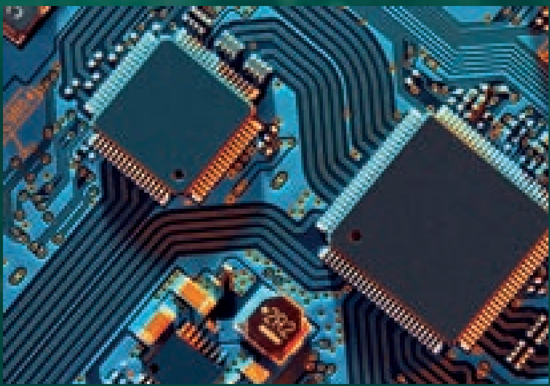
- we have not obtained all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the Company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- the Company financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Richard Porter (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London

21 June 2023

Financials



Building a Branded IMS House

Over the past year, we have worked hard to figure out how to get more value from our global brand. We already have a reputation for quality, reliability, and customer service – and when we are marketing ourselves to new customers, that's important. With 11 acquisitions over the last five years (including five in North America), brand integration is a key consideration.

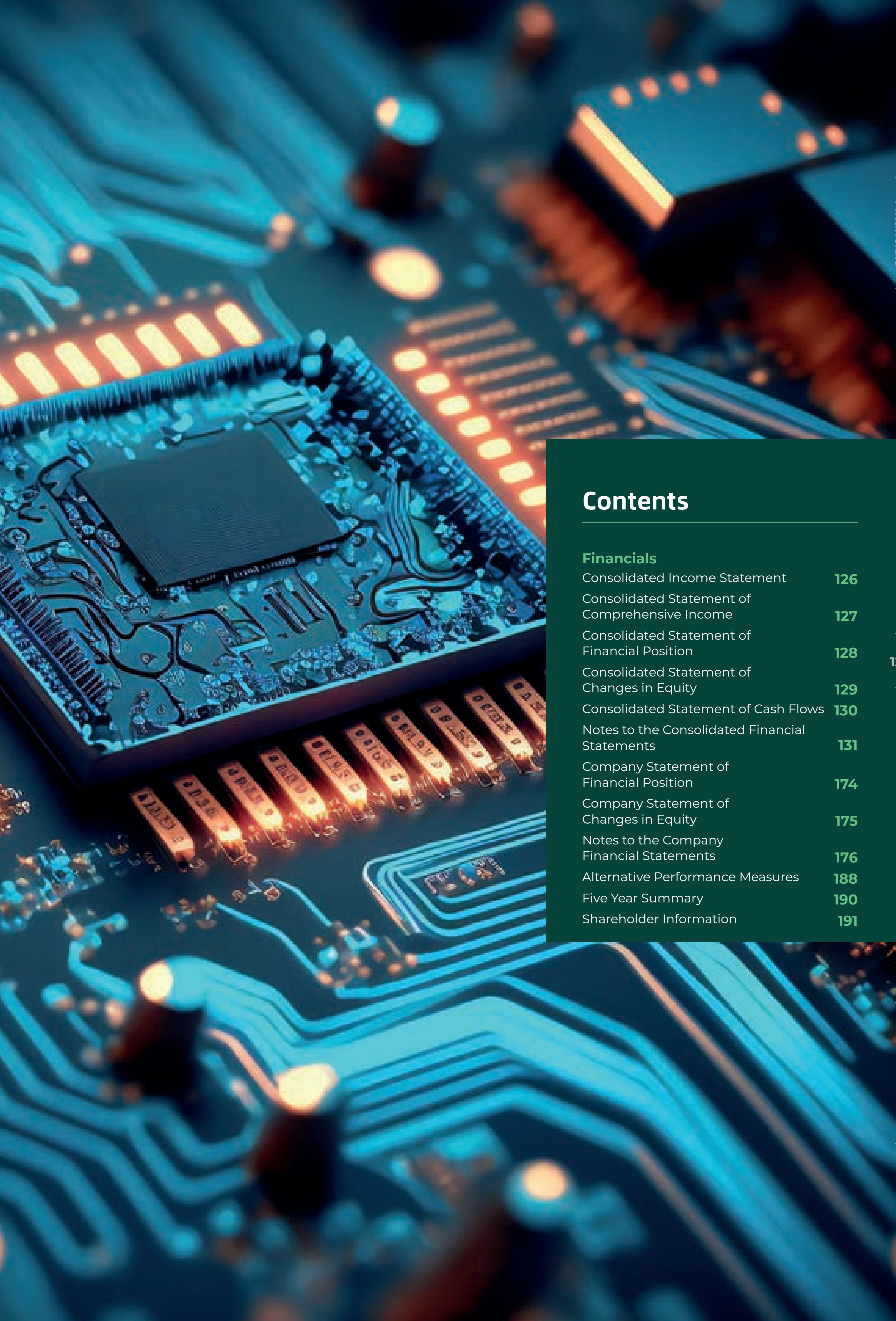
The companies we acquired have a range of manufacturing capabilities and each brought their own legacy branding. Initially we incorporated the co-branding 'A Volex Company' into the existing logos. This allowed us to introduce the customers of our newly acquired entities to the global capabilities and resources of the Group. Each site instantly became much stronger as part of a larger and aligned entity.

To enhance our reach in the important North American market, we developed a brand integration plan. This was implemented in the second half of FY2023 to unite our businesses across the region under the Volex IMS brand. Each site receives the full support of our management, sales, technical, engineering, HR, IT, and marketing teams. It also allows greater communication and resource sharing between other IMS supporting Volex sites including Tijuana, Batam, Suzhou, Komarno, and Pune.

We retained elements of the old names as secondary branding to help existing customers understand the transition. A new section has been added to the volex.com website, with a dedicated landing page and five supporting sub-pages for each service offered by our IMS operations.

In the spirit of the expression "the whole is greater than the sum of its parts", this move will allow us to offer customers in specialty markets a full range of products and services that encompass everything we can now provide.

Volex
INTEGRATED MANUFACTURING SERVICES



Contents

Consolidated Income Statement

For the 52 weeks ended 2 April 2023 (52 weeks ended 3 April 2022)

	Notes	**2023** Before adjusting items and share-based payments $'m	**2023** Adjusting items and share-based payments (Note 4) $'m	**2023** Total $'m	2022 Before adjusting items and share-based payments $'m	2022 Adjusting items and share-based payments (Note 4) $'m	2022 Total $'m
Revenue	3	**722.8**	**–**	**722.8**	614.6	–	614.6
Cost of sales		**(565.8)**	**–**	**(565.8)**	(488.8)	–	(488.8)
Gross profit		**157.0**	**–**	**157.0**	125.8	–	125.8
Operating expenses		**(89.7)**	**(13.5)**	**(103.2)**	(69.6)	(15.2)	(84.8)
Operating profit	7	**67.3**	**(13.5)**	**53.8**	56.2	(15.2)	41.0
Share of net profit from associates	16	**1.1**	**–**	**1.1**	0.4	–	0.4
Finance income	5	**0.4**	**–**	**0.4**	0.3	–	0.3
Finance costs	6	**(9.5)**	**–**	**(9.5)**	(5.5)	–	(5.5)
Profit on ordinary activities before taxation		**59.3**	**(13.5)**	**45.8**	51.4	(15.2)	36.2
Taxation	10	**(10.7)**	**2.3**	**(8.4)**	(9.1)	3.3	(5.8)
Profit for the period		**48.6**	**(11.2)**	**37.4**	42.3	(11.9)	30.4
Profit is attributable to:							
Owners of the parent		**48.0**	**(11.2)**	**36.8**	42.3	(11.9)	30.4
Non-controlling interests		**0.6**	**–**	**0.6**	–	–	–
		48.6	**(11.2)**	**37.4**	42.3	(11.9)	30.4
Earnings per share (cents)							
Basic	11	**30.2**		**23.2**	26.9		19.3
Diluted	11	**28.8**		**22.1**	25.2		18.1

All activities were in respect of continuing operations.

The notes on pages 131 to 173 are an integral part of these financial statements.

Consolidated Statement of Comprehensive Income

For the 52 weeks ended 2 April 2023 (52 weeks ended 3 April 2022)

	Notes	**2023 $'m**	2022 $'m
Profit for the period		**37.4**	30.4
Items that will not be reclassified subsequently to profit or loss			
Actuarial (loss)/gain on defined benefit pension schemes	30	**(0.5)**	0.7
Tax relating to items that will not be reclassified		**0.1**	(0.1)
		(0.4)	0.6
Items that may be reclassified subsequently to profit or loss			
Gain arising on cash flow hedges during the period		**1.4**	0.1
Exchange loss on translation of foreign operations		**(7.0)**	(5.9)
Tax relating to items that may be reclassified		**0.2**	0.1
		(5.4)	(5.7)
Other comprehensive expense for the period		**(5.8)**	(5.1)
Total comprehensive income for the period attributable to:			
Owners of the parent		**31.6**	25.3
Non-controlling interests		**–**	–
		31.6	25.3

The notes on pages 131 to 173 are an integral part of these financial statements.

Consolidated Statement of Financial Position

As at 2 April 2023 (3 April 2022)

	Notes	2023 $'m	2022 $'m
Non-current assets			
Goodwill	12	**82.3**	82.9
Other intangible assets	13	**41.8**	47.0
Property, plant and equipment	14	**50.1**	43.4
Right-of-use asset	15	**34.5**	19.4
Interests in associates	16	**2.6**	1.5
Other receivables	18	**1.8**	2.1
Derivative financial instruments	31	**0.9**	–
Deferred tax assets	21	**24.6**	20.6
		238.6	216.9
Current assets			
Inventories	17	**120.5**	119.3
Trade receivables	18	**136.2**	119.0
Other receivables	18	**15.7**	16.7
Current tax assets		**0.8**	1.9
Derivative financial instruments	31	**0.9**	0.4
Cash and bank balances	28	**22.5**	29.1
		296.6	286.4
Total assets		**535.2**	503.3
Current liabilities			
Borrowings	19	**1.8**	5.0
Lease liabilities	19	**15.6**	4.3
Trade payables	20	**84.4**	84.7
Other payables	20	**65.2**	61.9
Current tax liabilities		**14.5**	10.1
Retirement benefit obligations	30	**0.3**	1.1
Provisions	22	**0.9**	2.3
Derivative financial instruments	31	**–**	0.1
		182.7	169.5
Net current assets		**113.9**	116.9
Non-current liabilities			
Borrowings	19	**89.6**	98.5
Lease liabilities	19	**19.2**	16.6
Other payables	20	**1.4**	1.0
Deferred tax liabilities	21	**6.9**	7.0
Retirement benefit obligations	30	**2.3**	2.0
Provisions	22	**0.4**	0.2
		119.8	125.3
Total liabilities		**302.5**	294.8
Net assets		**232.7**	208.5
Equity			
Share capital	23	**62.7**	62.5
Share premium account	23	**60.7**	60.9
Non-distributable reserve	24	**2.5**	2.5
Hedging and translation reserve		**(14.6)**	(9.8)
Own shares	24	**(1.0)**	(0.2)
Retained earnings		**115.0**	85.2
Total attributable to owners of the parent		**225.3**	201.1
Non-controlling interests	25	**7.4**	7.4
Total equity		**232.7**	208.5

The notes on pages 131 to 173 are an integral part of these financial statements. The consolidated financial statements on pages 126 to 130 of Volex plc (company number: 158956) were approved by the Board of Directors and authorised for issue on 21 June 2023 and signed on its behalf by:

Nathaniel Rothschild
Executive Chairman

Jon Boaden
Chief Financial Officer

Consolidated Statement of Changes in Equity

For the 52 weeks ended 2 April 2023 (52 weeks ended 3 April 2022)

	Notes	Share capital $'m	Share premium account $'m	Non-distributable reserves $'m	Hedging and translation reserve $'m	Own shares $'m	Retained earnings $'m	Equity attributable to owners $'m	Non-controlling interests $'m	Total equity $'m
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		–	–	–	–	–	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	23	0.5	–	–	–	–	(0.5)	–	–	–
Business combination		–	–	–	–	–	–	–	7.4	7.4
Own shares sold/(utilised) in the period	24	–	–	–	–	7.5	(7.5)	–	–	–
Own shares purchased in the period	24	–	–	–	–	(4.4)	–	(4.4)	–	(4.4)
Dividend paid	26	–	–	–	–	–	(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
Profit for the period		**–**	**–**	**–**	**–**	**–**	**36.8**	**36.8**	**0.6**	**37. 4**
Other comprehensive expense for the period		**–**	**–**	**–**	**(4.8)**	**–**	**(0.4)**	**(5.2)**	**(0.6)**	**(5.8)**
Total comprehensive income for the period		**–**	**–**	**–**	**(4.8)**	**–**	**36.4**	**31.6**	**–**	**31.6**
Own shares sold/(utilised) in the period	24	**–**	**–**	**–**	**–**	**4.2**	**(4.2)**	**–**	**–**	**–**
Own shares purchased in the period	24	**–**	**–**	**–**	**–**	**(5.0)**	**–**	**(5.0)**	**–**	**(5.0)**
Dividend paid	26	**–**	**–**	**–**	**–**	**–**	**(7.1)**	**(7.1)**	**–**	**(7.1)**
Scrip dividend related share issue	26	**0.2**	**(0.2)**	**–**	**–**	**–**	**1.4**	**1.4**	**–**	**1.4**
Credit to equity for equity-settled share-based payments		**–**	**–**	**–**	**–**	**–**	**3.7**	**3.7**	**–**	**3.7**
Tax effect of share options		**–**	**–**	**–**	**–**	**–**	**(0.4)**	**(0.4)**	**–**	**(0.4)**
Balance at 2 April 2023		**62.7**	**60.7**	**2.5**	**(14.6)**	**(1.0)**	**115.0**	**225.3**	**7.4**	**232.7**

The notes on pages 131 to 173 are an integral part of these financial statements.

Consolidated Statement of Cash Flows

For the 52 weeks ended 2 April 2023 (52 weeks ended 3 April 2022)

	Notes	2023 $'m	2022 $'m
Net cash generated from operating activities	28	**55.7**	18.5
Cash flow used in investing activities			
Interest received		**0.3**	0.1
Acquisition of businesses, net of cash acquired	35	**(5.1)**	(35.7)
Deferred and contingent consideration for businesses acquired	35	**(7.1)**	(19.2)
Proceeds on disposal of intangible assets, property, plant and equipment		**0.1**	0.5
Purchases of property, plant and equipment		**(14.4)**	(10.8)
Purchases of intangible assets		**(3.9)**	(4.2)
Proceeds from the repayment of preference shares	16	**0.3**	–
Net cash used in investing activities		**(29.8)**	(69.3)
Cash flows before financing activities		**25.9**	(50.8)
Cash generated/(used) before adjusting items		**28.1**	(48.8)
Cash used in respect of adjusting items		**(2.2)**	(2.0)
Cash flow generated from financing activities			
Dividend paid	26	**(5.7)**	(7.2)
Net purchase of shares for share schemes		**(7.2)**	(5.1)
Refinancing costs paid	27	**(0.5)**	(2.5)
New bank loans raised	27	**25.0**	69.3
Repayment of borrowings	27	**(35.3)**	(3.4)
Outflow from factoring	27	**(0.7)**	(6.0)
Interest element of lease payments	27	**(1.7)**	(1.0)
Receipt from lease debtor		**0.5**	0.5
Capital element of lease payments	27	**(5.8)**	(4.2)
Net cash (used in)/generated from financing activities		**(31.4)**	40.4
Net decrease in cash and cash equivalents		**(5.5)**	(10.4)
Cash and cash equivalents at beginning of period	28	**25.9**	36.5
Effect of foreign exchange rate changes	27	**0.3**	(0.2)
Cash and cash equivalents at end of period	28	**20.7**	25.9

The notes on pages 131 to 173 are an integral part of these financial statements.

Notes to the Consolidated Financial Statements

For the 52 weeks ended 2 April 2023 (52 weeks ended 3 April 2022)

1. Presentation of financial statements

Volex plc ('the Company' and together with its subsidiaries 'the Group') is a public company limited by shares domiciled and incorporated in the United Kingdom under the Companies Act 2006. Its shares are listed on AIM, a market on the London Stock Exchange. The address of the registered office is given on page 191. The nature of the Group's operations and its principal activities are set out in the Strategic Report on pages 16 to 76.

Financial statements are prepared for the period ending on the Sunday following the Friday that falls closest to the accounting reference date of 31 March each year.

These financial statements are presented in US dollars ('$'). The individual financial results of each Group subsidiary are maintained in its functional currency, which is determined by reference to the primary economic environment in which the subsidiary operates.

2.a) Significant accounting policies

The significant accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

Basis of accounting

The financial statements have been prepared in accordance with UK-adopted International Accounting Standards and with the requirements of the Companies Act 2006 as applicable to companies reporting under those standards.

The financial statements have been prepared under the historical cost convention except for the revaluation of financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Going concern

The Group's financial statements have been prepared on the going concern basis, which contemplates the continuity of normal business activity with 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 2024, which is based on the FY2024 Board-approved budget. The Directors have performed sensitivity analysis on the cash flow forecast using a base case and downside scenario, that take into account the principal risks and uncertainties set out on pages 44 to 49 of the Annual Report. The Directors have considered the potential impact of climate change on the going concern assessment and do not believe there to be a significant impact over the going concern period. The severe but plausible downside scenario models a 15% reduction in year-on-year revenue, equivalent to the worst result in recent history, and still provides significant covenant and liquidity headroom. The Directors have considered the impact of potential acquisitions in both the base case and severe but plausible downside scenarios where appropriate.

Based on their assessment and these sensitivity scenarios, the Directors are satisfied that there are no material uncertainties regarding the Group's going concern status and that there is a reasonable expectation that the Group has adequate resources to continue in operational existence for at least twelve months from the date of approval of the financial statements. The Directors, therefore, consider it appropriate to adopt the going concern basis of accounting in preparing the financial statements.

Adoption of new and revised International Financial Reporting Standards ('IFRSs')

No new standards and interpretations issued by the IASB had a significant impact on the consolidated financial statements.

New standards, amendments and interpretations issued but not yet effective for the financial year beginning 3 April 2023 and not early adopted

The Group does not consider that any standard, amendment or interpretation issued by the IASB, but not yet applicable, will have a significant impact on the financial statements. Standards and interpretations issued by the IASB are only applicable if endorsed by the UK Endorsement Board.

Basis of consolidation

The consolidated financial statements of Volex plc incorporate the financial statements of the Company and entities which it controls (its subsidiaries) (together 'the Group'), and are drawn up to the relevant period end date. Control is achieved where the Company has the power to govern the financial and operating policies so as to be able to obtain benefits from its activities. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by the Group. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between the members of the Group are eliminated in full on consolidation.

Non-controlling interests in the net assets of consolidated subsidiaries are identified separately from the Group's equity therein. Non-controlling interests consist of the amount of those interests at the date of the original business combination and the non-controlling shareholder's share of changes in equity since the date of the combination.

Business combinations

Acquisitions of subsidiaries and businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of acquisition-date fair values of assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interest issued by the Group in exchange for control of the acquiree. All acquisition-related costs are recognised in profit or loss within adjusting items as incurred.

2.a) Significant accounting policies continued

Goodwill is measured as the excess of the sum of the consideration transferred and the amount of any non-controlling interests in the acquiree over the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed. The interest of the non-controlling shareholders in the acquiree may initially be measured either at fair value or at the non-controlling shareholders' proportion of the net fair value of the identifiable assets acquired, liabilities and contingent liabilities assumed. The choice of measurement basis is made on an acquisition-by-acquisition basis.

Where the consideration for the acquisition includes any asset or liability resulting from a contingent consideration arrangement, it is measured at its acquisition date fair value and included as part of the consideration transferred. Subsequent changes in the fair value of contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date. Any adjustments outside of the measurement period are taken to the income statement.

Goodwill

Goodwill is initially recognised and measured as set out above.

Goodwill is not amortised but is tested annually for impairment. For the purpose of impairment testing, goodwill is allocated to cash-generating units. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata on the basis of the carrying amount of each asset in the unit. The impairment loss is recognised immediately in profit and loss and is not reversed in subsequent periods.

On disposal of a subsidiary, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

Goodwill arising on acquisitions before the date of transition to IFRS has been retained at the previous UK GAAP amounts. Goodwill arising on acquisitions prior to 31 March 1998 has been written off to reserves and has not been reinstated in the statement of financial position and will not be included in determining any subsequent profit or loss on disposal.

Interests in associates

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting. Under the equity method, the investment is initially recognised at cost, and the carrying amount is increased or decreased to recognise the investor's share of the change in net assets of the investee after the date of acquisition.

The Group's share of post-acquisition profit or loss is recognised in the income statement, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income, with a corresponding adjustment to the carrying amount of the investment. Where the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate. Distributions received from an associate reduce the carrying amount of the investment.

The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value, and it recognises the amount adjacent to 'share of profit/(loss) of associates' in the income statement.

Foreign currencies

The individual financial statements of each Group company are prepared in the currency of the primary economic environment in which it operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position of each Group company are expressed in USD, which is the presentation currency for the consolidated financial statements.

In preparing the financial statements of the individual companies, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing on the dates of the transactions. At each reporting date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated. Exchange differences are recognised in profit or loss in the period in which they arise except for:

- Exchange differences on transactions entered into to hedge certain foreign currency risks (see financial instruments/ hedge accounting); and
- Exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur in the foreseeable future (therefore forming part of the net investment in the foreign operation), which are recognised initially in other comprehensive income and reclassified from equity to profit or loss on disposal or partial disposal of the net investment.

2.a) Significant accounting policies continued

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated at exchange rates prevailing on the reporting date. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the date of transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity.

Revenue recognition

Revenue is recognised in accordance with the satisfaction of performance obligations of contracts. The majority of the Group's contracts have just one performance obligation, which is the delivery of goods, which under IFRS 15 'Revenue from contracts with customers' is recognised as a single point, on delivery or pick-up depending on the agreed terms with the customer. This is normally when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. The Group has concluded that it is the principal in its revenue arrangements.

Revenue is measured at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, net of discounts, VAT and other sales-related taxes. For sales to customers where a right to return an item is granted, revenue is recognised to the extent of the consideration to which the Group ultimately expects to be entitled.

The Group considers whether there are additional commitments in contracts that have separate performance obligations to which a portion of the transaction price needs to be allocated. In addition, most customer contracts include a warranty clause for general repairs of defects that existed at the time of sale. Warranties cannot be purchased separately. These assurance-type warranties are accounted for under IAS 37 'Provisions, Contingent Liabilities and Contingent Assets'.

In determining the transaction price for the sale of equipment, the Group also considers the effects of the following:

- The existence of significant financing components. There are contracts where the Group receives short-term advances from its customers. Using the practical expedient in IFRS 15, the Group does not adjust the promised amount of consideration for the effects of a significant financing component if it expects, at contract inception, that the period between the transfer of the promised goods or services to the customer and when the customer pays for those goods or services will be one year or less. The normal credit term is 60 to 90 days upon delivery;
- Consideration payable to the customer – in certain instances the Group purchases raw materials from the customer. This consideration is not treated as a reduction to revenue since the payments made are in exchange for a distinct good (the raw material) that the customer transfers to the Group; and
- Variable consideration and non-cash consideration – both of these are deemed to be immaterial for the Group.

The Group also generates incidental revenue from the provision of engineering services, which is recognised by reference to the stage of completion of the contracted services. No separate disclosures have been provided for this given it is immaterial to the financial statements.

Finance income

Interest income is accrued on a timely basis by reference to the principal outstanding and the effective interest rate applicable.

Dividend income from investments is recognised when the shareholder's right to receive payment has been established.

Finance costs

Finance costs comprise lease interest payable, amortised debt issue costs, interest expense on borrowings which are not capitalised and the interest expense on the defined benefit obligation. Interest on borrowings is shown within operating activities in the statement of cash flows. The interest element of lease payments is presented shown within financial activities.

Taxation

The tax expense for the period comprises current and deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is recognised in other comprehensive income or directly in equity, respectively.

The tax currently payable is based on taxable profit for the period. Taxable profit differs from profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other periods and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates and laws that have been enacted or substantively enacted by the reporting date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit and is accounted for using the liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary differences arise from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Notes to the Consolidated Financial Statements

For the 52 weeks ended 2 April 2023 (52 weeks ended 3 April 2022)

2.a) Significant accounting policies continued

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised based on tax rates and laws that have been enacted or substantively enacted by the reporting date. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited in other comprehensive income, in which case the deferred tax is also dealt with in other comprehensive income.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any recognised impairment loss. Cost includes the original purchase price of the asset and any further costs attributable to bringing the asset to its working condition for its intended use.

Depreciation is recognised so as to write off the cost or valuation of assets (other than freehold land, which is not depreciated) less their residual values over their useful lives, using the straight-line method, on the following basis:

Freehold buildings and leasehold improvements	Up to 50 years or period of lease, if shorter
Plant and machinery	3 to 15 years
Assets under construction	Depreciation commences once an asset is ready for its intended use

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying amount of the asset and is recognised in the income statement.

Intangible assets – computer software and licences

Computer software is stated at cost less accumulated depreciation and any recognised impairment loss. Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and use the specific software. These costs are included in the statement of financial position within intangible assets and are amortised straight-line over their estimated useful lives, not exceeding five years. Costs associated with maintaining computer software are recognised as an expense as incurred.

Intangible assets – patents and customer contracts and relationships

Patents are stated at cost less accumulated amortisation. Customer contracts and relationships acquired in a business combination are recognised at fair value at the acquisition date. These intangible assets are amortised on a straight-line basis over their estimated useful lives as follows:

Customer contracts	Up to 3 years
Customer relationships	5 to 15 years

Intangible assets – internally generated intangible assets – research and development expenditure

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

The Group is engaged in development activities, which include both general product development and specific customer development projects. An internally generated intangible asset arising from these development activities is recognised only if all of the following conditions are met:

- An asset is created that can be identified;
- It is probable that the asset created will generate future economic benefits; and
- The development cost of the asset can be measured reliably.

Internally generated intangible assets are amortised on a straight-line basis over their useful lives. Where no internally generated intangible asset can be recognised, development expenditure is recognised as an expense in the period in which it is incurred.

Impairment of property, plant and equipment and intangible assets excluding goodwill

At each reporting date, the Group reviews the carrying amounts of its property, plant and equipment and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash-generating unit ('CGU') to which the asset belongs.

2.a) Significant accounting policies continued

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or CGU) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or CGU) in prior periods. A reversal of an impairment loss is recognised as a credit to the income statement immediately, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

Leases

The Group leases various offices, buildings, vehicles and other equipment. Rental contracts are typically made for a period of up to five years, but may have extension options.

Contracts may contain both lease and non-lease components. The Company allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. However, for leases of real estate for which the Company is a lessee, and for which it has major leases, it has elected not to separate lease and non-lease components and instead accounts for these as a single lease component.

Assets and liabilities arising from a lease are initially measured on a present-value basis. Lease liabilities include the net present value of the following lease payments:

- Fixed payments less any lease incentive receivable;
- Variable lease payments that are based on an index or a rate;
- Amounts expected to be payable by the Group under residual value guarantees;
- The exercise price of a purchase option if the Group is reasonably certain to exercise that option; and
- Payments of penalties for termination of the lease, if the lease term reflects the Group exercising that option.

The Company is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets

Right-of-use assets are measured at cost comprising the following:

- The amount of the initial measurement of the lease liability or a revaluation of the liability;
- Any lease payments made at or before the commencement date less any lease incentives received;
- Any initial direct costs; and
- Restoration costs.

Each right-of-use asset is depreciated over the shorter of its useful economic life and the lease term on a straight-line basis unless the lease is expected to transfer ownership of the underlying asset to the Group, in which case the asset is depreciated to the end of the useful life of the asset. Payments associated with the short-term leases are recognised on a straight-line basis as an expense in the income statement. Short-term leases are leases with a lease term of 12 months or less.

Where a vacant office is sub-leased for the remainder of the lease, the head lease and sublease are recorded as two separate contracts, applying both the lessee and lessor accounting requirements.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using a standard cost methodology and adjusted for material variances such that the adjusted figure represents direct materials, direct labour and an attributable proportion of manufacturing overheads based on normal levels of activity. Net realisable value is based on estimated selling price, less all estimated costs of completion and costs to be incurred in marketing, selling and distribution. A provision is made for obsolete, slow-moving or defective items where appropriate. Supplier inventory held under consignment arrangements at manufacturing locations is recognised as inventory once the risks and rewards are transferred.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value less bank overdrafts. Where a cashpool facility is operated, the right-of-offset is considered.

Notes to the Consolidated Financial Statements

For the 52 weeks ended 2 April 2023 (52 weeks ended 3 April 2022)

2.a) Significant accounting policies continued

Borrowings

Interest-bearing bank loans and overdrafts are recorded at the proceeds received, net of direct issue costs. Finance charges, including premiums on settlement or redemption and direct issue costs, are accounted for on an accruals basis in the consolidated income statement using the effective interest rate method and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying value is the present value of those cash flows (when the effect of the time value of money is material).

A restructuring provision is recognised when the Group has developed a detailed formal plan for restructuring and has raised a valid expectation to those affected that it will carry out the restructuring by starting to implement the plan or announcing its main features to those affected by it. The measurement of a restructuring provision includes only the direct expenditures arising from the restructuring, which are those amounts that are both necessarily entailed by the restructuring and not associated with ongoing activities of the entity.

Provisions for the expected cost of warranty obligations under local sales of goods legislation are recognised at the date of sale of the relevant products, at the Directors' best estimate of the expenditure required to settle the Group's obligation.

Retirement benefits

The Group has both defined benefit and defined contribution retirement benefit schemes, including a defined benefit scheme in the UK, which is now closed to new entrants, and an unfunded defined benefit scheme in Indonesia, which provides a lump sum payment to individuals on retirement. The retirement benefit obligations recognised in the consolidated statement of financial position represents the deficit or surplus in the Group's defined benefit scheme.

For defined benefit schemes, the cost of providing benefits is determined using the Projected Unit Credit Method, with actuarial valuations carried out at the end of each reporting period.

Defined benefit costs are split into three categories: Remeasurement; Net interest expense or income; and Past service cost and gains and losses on curtailments and settlements.

Remeasurement comprises actuarial gains and losses, the effect of the asset ceiling (where applicable) and the return on scheme assets (excluding interest). These costs are recognised immediately in the statement of financial position with a charge or credit to the statement of comprehensive income in the period in which they occur. Remeasurement recorded in the statement of comprehensive income is not recycled. Net interest is calculated by applying a discount rate to the net defined benefit liability or asset and is recognised within finance costs (see note 6). As the defined benefit scheme is now closed, no service cost is incurred.

Payments to defined contribution retirement benefit schemes are recognised as an expense when employees have rendered service entitling them to the contributions. Payments to state-managed schemes are treated as payments to defined contribution schemes where the Group's obligations under the schemes are equivalent to those arising in a defined contribution scheme.

Share-based payments

Certain senior employees (including executives) receive remuneration in the form of share-based payment transactions where the individuals are compensated for services they provide with consideration in the form of equity instruments.

The cost of equity-settled transactions with employees is measured with reference to the fair value of the equity instrument at the date they are granted and is recognised as an expense over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the employee becomes fully entitled to the award.

No expense is recognised for awards that do not ultimately vest as a result of not meeting performance or service conditions. Where all service and performance vesting conditions have been met, the awards are treated as vesting, irrespective of whether or not the market condition is satisfied, as market conditions have been reflected in the fair value of the equity instruments.

The fair value determined at the date of grant of the equity-settled share-based payments is expensed to the income statement on a straight-line basis over the vesting period, based on the estimate of the number of options that will eventually vest. At each reporting date, the Group revises its estimate of the number of equity instruments expected to vest as a result of the effect of non-market-based vesting conditions. The movement in cumulative expense since the previous balance sheet date is recognised in the income statement with a corresponding entry in equity. Within the income statement the share-based payment charge is presented separately to assist in understanding the underlying performance of the Group.

2.a) Significant accounting policies continued

Adjusting items

Adjusting items include costs and income that are one-off in nature and significant (such as restructuring costs, impairment charges or acquisition-related costs) but also include the non-cash amortisation charge of intangible assets, which have arisen under IFRS 3 'Business Combinations'. Only those restructuring costs that result in a permanent reduction in capabilities, either to a particular geography or line of business, are treated as adjusting items.

Adjusting items are included under the statutory classification appropriate to their nature but are separately disclosed on the face of the income statement within adjusting items to assist in understanding the underlying performance of the Group.

Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction from the proceeds, net of tax.

Investments and other financial assets – classification

Financial assets within the scope of IFRS 9 'Financial Instruments' are classified as financial assets at fair value through profit or loss ('FVTPL'), financial assets at fair value through other comprehensive income ('FVOCI') and financial assets at amortised cost.

The classification of financial assets is determined on initial recognition. This takes account of the nature of the financial asset and the purpose for which it was acquired. Where an asset is classified as fair value through profit or loss ('FVTPL') it is measured at fair value. Any net gains and losses, including dividend income or interest, are recognised in finance income or finance cost in the income statement.

Financial assets classified as at fair value through other comprehensive income ('FVOCI') are measured at fair value. For investments in equity instruments, dividends are recognised when the entity's right to receive payment is established, the amount can be measured reliably and it is probable that the economic benefits will flow to the entity. Dividends are recognised in the income statement unless they represent the recovery of part of the cost of the investment, in which case they are included in other comprehensive income.

Changes in the fair value of the financial asset are recognised in other comprehensive income and are not recycled to the income statement.

Financial assets that are held with the objective of collecting contractual cash flows and where the contractual terms of the financial asset give rise to cash flows on specified dates that represent the repayment of principal and interest are measured subsequently at amortised cost.

Investments and other financial assets – recognition and measurement

Where an entity holds an investment in an equity instrument that is actively traded in an organised financial market, the fair value is determined with reference to quoted closing market bid prices at the balance sheet date. Where there is no such active market, fair value is determined using valuation techniques and models appropriate to the instrument.

Loans and receivables are measured at amortised cost using the effective interest method and taking into consideration any allowance for impairment. The calculation includes any premium or discount on acquisition and includes transaction costs and fees that are an integral part of the effective interest rate.

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method less any provision for impairment.

At each balance sheet date the Group undertakes an assessment as to whether a financial asset or group of financial assets is impaired.

Trade and other receivables

For trade receivables, the Group applies the simplified approach permitted by IFRS 9, resulting in trade receivables recognised and carried at original invoice amount less an allowance for any uncollectible amounts based on expected credit losses. The Group assesses on a forward-looking basis the expected credit losses associated with its receivables carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

The carrying amounts of the trade receivables include receivables which are subject to a factoring arrangement. Under this arrangement, the Group has transferred the relevant receivables to the factor in exchange for cash and is prevented from selling or pledging the receivables. However, the Group has retained late payment and credit risk. The Group, therefore, continues to recognise the transferred assets in their entirety in its balance sheet. The amount repayable under the factoring agreement is presented as secured borrowing.

Financial liabilities and equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

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2.a) Significant accounting policies continued

Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

Government grants

Government grants relating to costs are deferred and recognised in profit or loss over the period necessary to match them with the costs that they are intended to compensate.

Government grants relating to the purchase of property, plant and equipment are included in non-current liabilities as deferred income and they are credited to profit or loss on a straight-line basis over the expected lives of the related assets.

Derivative financial instruments

The Group's activities expose it to the financial risks of changes in foreign exchange rates, interest rates and commodity prices. The Group enters into a variety of derivative financial instruments to manage its exposure to these risks. The use of financial derivatives is governed by a Group policy approved by the Board of Directors, which provides written principles on the use of financial derivatives to hedge certain risk exposures. The Group does not use derivative financial instruments for speculative purposes. Further details of derivative financial instruments are disclosed in note 31 to the financial statements.

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event, the timing of the recognition in profit or loss depends on the nature of the hedge relationship. The Group designates certain derivatives as either fair value hedges, cash flow hedges or hedges of net investments in foreign operations.

A derivative is classified as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and it is not expected to be realised or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

Hedge accounting

The Group designates certain hedging instruments, which include derivatives and non-derivatives in respect of foreign currency, interest rate and commodity risk, as either cash flow hedges or hedges of net investments in foreign operations.

At the inception of the hedge relationship the entity documents the relationship between the hedging instrument and hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Group documents whether the hedging instruments that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items.

Cash flow hedge

Hedges of foreign exchange or interest rate risks on firm commitments are accounted for as cash flow hedges. Similarly, commodity derivative contracts, which are entered into to mitigate commodity price fluctuations on firm purchasing commitments, are accounted for as cash flow hedges.

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss.

Hedges of net investments in foreign operations

Any gain or loss on the hedging instrument relating to the effective portion of the hedge is recognised in other comprehensive income and accumulated in the hedging and translation reserve. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss.

Gains and losses deferred in the hedging and translation reserve are recognised immediately in profit or loss when the foreign operation is disposed of.

2.b) Critical accounting judgements and key sources of estimation uncertainty

The preparation of financial statements in conformity with UK-adopted international accounting standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The Directors consider the following to be the key judgements and estimates that have the most significant effect on the amounts recognised in the financial statements.

2.b.i) Critical judgements in applying the Group's accounting policies

In applying the Group's accounting policies, management has made the following judgements, which have the most significant effect on the consolidated financial statements.

Business combinations

Acquisitions are accounted for using the acquisition method as described in the business combinations accounting policy. Management exercises judgement in the determination of fair values for assets and liabilities acquired, including the separate identification of intangible assets, which use assumptions and estimates. The Group has developed a process to meet the requirements of IFRS 3, including the separate identification of customer relationship intangible assets based on estimated future performance, discount rates and customer attrition rates. External valuation specialists are used where appropriate.

Adjusting items

The Directors believe that presenting adjusting items separately provides a clearer understanding of the business performance and facilitates comparison of trading performance year-on-year. In determining the classification of items, management exercises significant judgement. During the period, the adjusting items identified total $9.8m (2022: $10.8m). These primarily comprise acquisition-related costs and amortisation of intangibles arising from business combinations. See note 4 for further details. Management sees this as a key judgement as a decision has to be made as to which income statement items fall within the criteria and, therefore, should be shown separately.

Uncertain tax provisions

The Group operates in a large number of different tax jurisdictions and is subject to periodic tax audits by local authorities on a range of tax matters in relation to corporate tax and transfer pricing. The Directors are, therefore, required to exercise significant judgement in determining the Group's provision for income taxes. There are many transactions for which the ultimate tax treatment is uncertain during the ordinary course of business. Amounts provided are based on management's interpretation of country-specific tax law, guided by external experts where appropriate. The final agreed liabilities may vary from the amounts provided as these are dependent upon the outcomes of the domestic and international dispute resolution processes in the relevant jurisdictions. The Group typically has limited control over the timing of resolution of uncertain tax positions with tax authorities.

Recognition of deferred tax assets

The Group has significant amounts of unused tax losses as set out in note 21, as well as various deductible temporary differences across several major jurisdictions, giving rise to recognised deferred tax assets (after jurisdictional offsetting) of $24.6m (2022: $20.6m). Significant judgement is used when assessing the extent to which deferred tax assets should be recognised in respect of these tax losses and temporary differences. The Directors consider sources of taxable profits against which these deferred assets may be utilised, including the reversal of deferred tax liabilities and forecast future profits. In assessing the probability of recovery, the five-year cash flow forecast that has been used for goodwill impairment testing was used as a basis for determining the probable taxable profits arising in each relevant jurisdiction.

Inventory provisions

In determining the inventory provision, on at least a quarterly basis and at the financial year end, management applies their judgement to review provisions held against damaged, obsolete and slow-moving inventory.

Lease term

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not utilise a break clause. Extension options (or periods after break clauses) are only included in the lease term if the lease is reasonably certain to be extended (or break clause not utilised).

2.b.ii) Key sources of estimation uncertainty

The key areas where estimates and assumptions are significant to the financial statements are described below.

Inventory provisions

Inventories are carried at the lower of cost and net realisable value, which is calculated as the estimated sales proceeds less costs of sale. Factors considered in the determination of net realisable value are the ageing, category and condition of inventories, recent inventory utilisation and forecasts of projected inventory utilisation. Changes to these estimates could result in changes to the net valuation of inventory. At 2 April 2023, the Group had net inventories of $120.5m (2022: $119.3m).

Goodwill

The carrying amount of goodwill has been tested for impairment by estimating the value in use of the cash-generating units to which it has been allocated. Note 12 outlines the significant assumptions made in performing the impairment tests.

Uncertain tax provisions

In measuring provisions for uncertain tax positions, the Directors are required to make assumptions in order to estimate the effect of the uncertainty in determining the related taxable profit or loss and unused tax losses in each affected jurisdiction. Where there are a range of potential outcomes in settling the tax position, the expected value method is used to calculate the estimated tax liability or asset arising to each jurisdiction. This requires assumptions to be made around both the range of potential outcomes and the probability of each potential outcome arising. At 2 April 2023, the Group has $10.4m (2022: $7.2m) included in current tax liabilities and $2.6m (2022: ($1.5m)) included in deferred tax assets in respect of the estimated impact on tax liabilities and recognised tax losses, giving a total net liability of $7.8m (2022: $8.7m) recognised for uncertain tax positions. To the extent that the ultimate outcome of a tax uncertainty differs from the tax that has been provided, a material adjustment could arise in a future period.

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For the 52 weeks ended 2 April 2023 (52 weeks ended 3 April 2022)

3. Segment information

Segment information is based on the information provided to the chief operating decision makers, being 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 2 April 2023. These segments are discussed in the Performance Review on page 34.

The accounting policies of the operating segments are the same as those described in the summary of significant accounting policies on pages 131 to 138 of the Group accounts. The Group evaluates segmental information on the basis of profit or loss from operations before adjusting items, share-based payments, 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 where the products are delivered. 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 2 April 2023		52 weeks to 3 April 2022	
	Revenue $'m	**Profit/(loss) $'m**	Revenue $'m	Profit/(loss) $'m
North America	**339.8**	**30.9**	272.1	21.4
Asia	**171.4**	**12.5**	142.7	11.6
Europe	**211.6**	**31.5**	199.8	32.1
Unallocated Central costs	**–**	**(7.6)**	–	(8.9)
Divisional results before share-based payments and adjusting items	**722.8**	**67.3**	614.6	56.2
Adjusting items		**(9.8)**		(10.8)
Share-based payment charge (see note 29)		**(3.7)**		(4.4)
Operating profit		**53.8**		41.0
Share of net profit from associates		**1.1**		0.4
Finance income		**0.4**		0.3
Finance costs		**(9.5)**		(5.5)
Profit before taxation		**45.8**		36.2
Taxation		**(8.4)**		(5.8)
Profit after taxation		**37.4**		30.4

The adjusting items charge of $9.8m (2022: $10.8m) was split $4.8m (2022: $2.0m) to North America, $3.7m (2022: $7.2m) to Europe, a $0.3m in Asia (2022: $1.1m) and $1.0m (2022: $0.5m) to Central.

The segmental profit represents the profit earned from customers based in each region before the allocation of central operating expenses, adjusting items, share-based payments, finance income, finance costs and income tax expense. This is the measure reported to the Executive members of the Company's Board and the Chief Operating Officer for the purpose of resource allocation and assessment of performance. The divisional profits above are shown after the following charges for depreciation and amortisation of non-acquired intangibles:

Depreciation and amortisation	**2023 $'m**	2022 $'m
North America	**6.7**	4.3
Asia	**3.4**	2.3
Europe	**4.2**	3.2
Central	**–**	0.1
	14.3	9.9

3. Segment information continued

Information about major customers

One (2022: two) of the Group's customers individually accounts for more than 10% of total Group revenue. Revenue from this customer is reported in North America, is within the Electric Vehicle sector, and accounts for 15.8% (2022: 14.7%).

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	
	2023 $'m	2022 $'m	**2023 $'m**	2022 $'m
North America	**339.8**	272.1	**51.4**	49.3
Asia	**171.4**	142.7	**59.0**	47.2
Europe	**211.6**	199.8	**103.6**	99.8
	722.8	614.6	**214.0**	196.3

Revenue is attributed to countries on the basis of the geographical location of the customer and delivery of the product. Revenue and non-current assets attributable to the United Kingdom was $133.0m (2022: $105.5m) and $18.8m (2022: $14.6m) respectively.

4. Adjusting items and share-based payments

	2023 $'m	2022 $'m
Acquisition-related costs	**1.3**	2.5
Acquisition-related remuneration (see note 35)	**0.9**	–
Adjustment to fair value of contingent consideration	**(1.3)**	(0.2)
Restructuring costs	**–**	0.8
Amortisation of acquired intangibles	**8.9**	10.3
Paycheck Protection Program ('PPP') loan forgiveness	**–**	(2.6)
Total adjusting items	**9.8**	10.8
Share-based payments (see note 29)	**3.7**	4.4
Total adjusting items and share-based payments before tax	**13.5**	15.2
Tax effect of adjusting items and share-based payments (see note 10)	**(2.3)**	(3.3)
Total adjusting items and share-based payments after tax	**11.2**	11.9

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.

Acquisition-related costs of $1.3m (2022: $2.5m) consist of legal and professional fees relating to potential and completed acquisitions. The acquisition-related costs associated with acquisitions completed during the year relate to the acquisition of Review Display Systems ('RDS') ($0.2m). The remaining acquisition costs relate to other potential acquisitions that have been or are being pursued. During the prior year, the $2.5m of acquisition-related costs consisted of legal and professional fees associated primarily with the acquisitions of 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 adjustment to the fair value of contingent consideration relates to a remeasurement of contingent consideration on the acquisition of De-Ka Elektroteknik Sanayi ve Ticaret Anonim Şirketi ('DE-KA').

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 $8.9m (2022: $10.3m) for the period. The reduction from the prior year primarily reflects the completion of acquired order books being fully amortised during the period. This was partially offset due to the annualised impact of acquisitions from the prior year, being Irvine, Prodamex, TC and inYantra, and the new acquisition, RDS, in the current year.

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

5. Finance income

	2023 $'m	2022 $'m
Lease interest income	**0.1**	0.1
Interest on bank deposits	**0.1**	–
Interest on preference shares	**0.2**	0.2
	0.4	0.3

Finance income earned on financial assets was derived from preference shares, bank deposits and the sublease of a property. No other gains or losses have been recognised in respect of receivables held at amortised cost other than those disclosed above and impairment losses recognised in respect of trade receivables (see note 18).

6. Finance costs

	Notes	2023 $'m	2022 $'m
Interest on bank overdrafts and loans		**6.4**	1.7
Lease interest payable		**1.7**	1.0
Net interest expense on defined benefit obligations		**0.3**	0.2
Unwinding of deferred consideration		**0.4**	1.3
Total interest costs		**8.8**	4.2
Amortisation of debt issue costs	27	**0.7**	1.3
Total finance costs		**9.5**	5.5

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

In February 2022 the Group entered into a new enlarged debt facility. Included within the prior period amortisation of debt issue costs is a $0.8m write-off of capitalised costs related to the previous facility. In February 2023 the Group exercised the first of two one-year extension options. The debt issue costs being amortised in the year relate to the facility agreed in 2022.

7. Profit for the period

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

	Notes	2023 $'m	2022 $'m
Net foreign exchange (gain)/loss		**(0.6)**	0.6
Research and development costs		**5.2**	3.8
Depreciation of property, plant and equipment	14	**8.2**	6.4
Depreciation of right-of-use assets	15	**4.8**	3.4
Amortisation of intangible assets	13	**10.2**	10.4
Cost of inventories recognised as an expense		**436.3**	382.2
Write-down of inventories recognised as an expense		**2.9**	2.1
Reversal of write-downs of inventories recognised in the period		**–**	(0.1)
Staff costs	9	**140.9**	114.0
Impairment loss recognised on trade receivables	18	**0.6**	–
Reversal of impairment losses recognised on trade receivables	18	**(0.1)**	(0.1)
Loss/(profit) on disposal of property, plant and equipment		**0.1**	(0.2)

7. Profit for the period continued

Research and development costs disclosed above comprise the following:

	2023 $'m	2022 $'m
Employment costs	**2.4**	2.1
Raw materials and consultancy	**2.7**	1.6
Other	**0.1**	0.1
	5.2	3.8

In addition to the above, during the current period, $3.7m development costs were capitalised (2022: $2.8m).

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

	2023 $'m	2022 $'m
Operating profit	**53.8**	41.0
Add back:		
Adjusting operating items	**9.8**	10.8
Share-based payment charge	**3.7**	4.4
Underlying operating profit	**67.3**	56.2
Depreciation of property, plant and equipment (note 14)	**8.2**	6.4
Depreciation of right-of-use assets (note 15)	**4.8**	3.4
Amortisation of intangible assets not acquired in a business combination (note 13)	**1.3**	0.1
Underlying EBITDA	**81.6**	66.1

8. Auditors' remuneration

The analysis of auditors' remuneration is as follows:

	2023 $'m	2022 $'m
Fees payable to the Company's auditors for the audit of the Company's annual financial statements	**0.6**	0.5
Fees payable to the Company's auditors and their associates for other audit services to the Group		
– the audit of the Company's subsidiaries pursuant to legislation	**0.5**	0.6
Total audit fees	**1.1**	1.1
Other services	**–**	–
Total non-audit fees	**–**	–

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9. Staff costs

The average monthly number of employees (including Executive Directors) was:

	2023 No.	2022 No.
Production	**6,271**	6,009
Sales and distribution	**626**	541
Administration	**536**	575
	7,433	7,125

Their aggregate remuneration comprised:

	2023 $'m	2022 $'m
Wages and salaries	**119.8**	96.7
Social security costs	**16.9**	12.5
Share-based payment charge (note 29)	**3.7**	4.4
Other pension costs (note 30)	**0.5**	0.4
	140.9	114.0

Remuneration of key management – Directors of the parent Company	2023 $'m	2022 $'m
Short-term employee benefits	**1.9**	1.8
Social security costs	**0.2**	0.1
Post-employment benefits	**0.1**	0.1
Share-based payment charge	**2.6**	2.1
	4.8	4.1

10. Taxation

	2023			2022		
	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	**(14.7)**	**0.2**	**(14.5)**	(10.1)	0.2	(9.9)
Current tax – adjustment in respect of previous periods	**0.1**	**–**	**0.1**	(0.1)	–	(0.1)
Total current tax expense	**(14.6)**	**0.2**	**(14.4)**	(10.2)	0.2	(10.0)
Deferred tax – credit for the period	**4.5**	**2.1**	**6.6**	0.8	3.1	3.9
Deferred tax – adjustment in respect of previous periods	**(0.6)**	**–**	**(0.6)**	0.3	–	0.3
Total deferred tax credit (note 21)	**3.9**	**2.1**	**6.0**	1.1	3.1	4.2
Income tax expense	**(10.7)**	**2.3**	**(8.4)**	(9.1)	3.3	(5.8)

10. Taxation continued

UK corporation tax is calculated at the standard rate of 19% (2022: 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 for the period is lower (2022: 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:

	2023			2022		
	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	**59.3**	**(13.5)**	**45.8**	51.4	(15.2)	36.2
Tax at the UK corporation tax rate	**(11.3)**	**2.6**	**(8.7)**	(9.8)	2.9	(6.9)
Tax effect of:						
Expenses that are not deductible and income that is not taxable in determining taxable profit	**(0.1)**	**(0.8)**	**(0.9)**	0.1	0.4	0.5
Foreign exchange on entities with different tax and functional currencies	**(1.9)**	**–**	**(1.9)**	(2.4)	–	(2.4)
Adjustment in respect of previous periods	**(0.5)**	**–**	**(0.5)**	0.2	–	0.2
Changes to tax rates	**(0.4)**	**0.1**	**(0.3)**	1.7	0.1	1.8
Overseas tax rate differences	**(0.7)**	**0.2**	**(0.5)**	(1.1)	0.3	(0.8)
Current year tax losses and other items not recognised	**(1.5)**	**–**	**(1.5)**	(0.1)	(0.1)	(0.2)
Recognition of previously unrecognised deferred tax assets	**5.8**	**0.2**	**6.0**	2.9	–	2.9
Derecognition of previously recognised deferred tax assets	**(0.1)**	**–**	**(0.1)**	(0.6)	(0.3)	(0.9)
Income tax expense	**(10.7)**	**2.3**	**(8.4)**	(9.1)	3.3	(5.8)

Included in the non-deductible tax items is a net decrease to the Group's estimated exposure arising from uncertain tax positions of $0.6m (2022: increase of $0.4m).

A deferred tax credit of $6.0m (2022: $2.9m) arose due to the recognition of additional deferred tax assets, primarily relating to historical tax losses, following management's updated assessment of the probability of future taxable profits arising in certain jurisdictions (see note 21).

The main rate of corporation tax in the UK increased from 19% to 25% on 1 April 2023 and will, therefore, be applicable to the Group's UK profits from the next financial year. This is expected to increase the Group's effective tax rate going forwards as it will increase the weighted average statutory tax rate applicable to the Group's pre-tax profits.

The income tax expense reported directly in equity of $0.4m (2022: $0.8m) relates to share-based payments and consists of a current tax credit of $0.7m (2022: $1.6m) and a deferred tax expense of $1.1m (2022: $2.4m).

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11. Earnings per ordinary share

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

	Notes	**2023 $'m**	2022 $'m
Profit for the purpose of basic and diluted earnings per share being net profit attributable to owners of the parent		**36.8**	30.4
Adjustments for:			
Adjusting items	4	**9.8**	10.8
Share-based payment charge	29	**3.7**	4.4
Tax effect of adjusting items and share-based payments		**(2.3)**	(3.3)
Underlying earnings		**48.0**	42.3

	2023 No. shares	2022 No. shares
Weighted average number of ordinary shares for the purpose of basic earnings per share	**158,681,078**	157,245,284
Effect of dilutive potential ordinary shares/share options	**7,896,423**	10,309,105
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**166,577,501**	167,554,389

Basic earnings per share	**2023 cents**	2022 cents
Basic earnings per share	**23.2**	19.3
Adjustments for:		
Adjusting items	**6.1**	6.9
Share-based payment charge	**2.3**	2.8
Tax effect of adjusting items and share-based payments	**(1.4)**	(2.1)
Underlying basic earnings per share	**30.2**	26.9

Diluted earnings per share	**2023 cents**	2022 cents
Diluted earnings per share	**22.1**	18.1
Adjustments for:		
Adjusting items	**5.9**	6.5
Share-based payment charge	**2.2**	2.6
Tax effect of adjusting items and share-based payments	**(1.4)**	(2.0)
Underlying diluted earnings per share	**28.8**	25.2

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

12. Goodwill

	2023 $'m	2022 $'m
Cost		
At the beginning of the period	**85.4**	70.7
Business combinations (note 35)	**1.5**	18.3
Exchange differences	**(2.3)**	(3.6)
At the end of the period	**84.6**	85.4
Accumulated impairment losses		
At the beginning of the period	**2.5**	2.7
Exchange differences	**(0.2)**	(0.2)
At the end of the period	**2.3**	2.5
Carrying amount at the end of the period	**82.3**	82.9
Carrying amount at the beginning of the period	**82.9**	68.0

Goodwill acquired in a business combination is allocated, at acquisition, to the business units that are expected to benefit from that business combination. After recognition of impairment losses and exchange differences, the carrying amount of goodwill has been allocated to the following CGUs:

	2023 $'m	2022 $'m
DE-KA	**37.2**	37.8
GTK	**9.5**	10.0
Irvine	**3.8**	3.8
inYantra	**9.1**	9.9
Prodamex	**2.9**	2.9
TC	**1.5**	1.7
Servatron	**7.6**	7.6
Silcotec	**4.0**	4.1
MC Electronics	**1.0**	1.0
Volex Asia	**1.6**	1.6
Volex North America	**1.9**	1.9
Volex Europe	**0.5**	0.6
RDS	**1.7**	–
	82.3	82.9

Goodwill is not amortised and is retranslated each year at the prevailing rate. The Group annually tests goodwill for impairment, or more frequently if there are indications that goodwill might be impaired. The recoverable amount of goodwill is determined from value in use calculations. The key assumptions used in the value in use calculations are those regarding the discount rates, forecast revenue, costs growth and climate change. Management estimates discount rates using pre-tax rates that reflect current market assessments of the time value of money and the risks specific to the business unit. The growth rates are based upon industry growth forecasts. Management has considered the impact of climate change on goodwill impairment and, based on the information currently available, do not believe it to have a material impact.

The Group prepared a cash flow forecast derived from the most recently approved annual budget, which has been extrapolated over a five-year period. This assumes levels of revenue and profits based on both past performance and expectations for future market development and takes into account the cyclicality of the business in which the CGU operates. Cash flows beyond the five-year period are extrapolated in perpetuity using a growth rate of 3% (2022: 2%) in line with long-term market expectations.

The rates used to discount the forecast cash flows for the CGUs were within a range of a pre-tax discount rate of 10.9–13.6%.

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13. Other intangible assets

Group	Patents $'m	Capitalised development costs $'m	Software and licences $'m	Customer contracts and relationships $'m	Total $'m
Cost					
At 4 April 2021	1.3	3.3	4.5	52.5	61.6
Business combinations	–	–	–	15.3	15.3
Additions	–	2.8	1.4	–	4.2
Disposals	–	–	(0.9)	–	(0.9)
Exchange differences	(0.1)	(0.2)	(0.1)	(2.5)	(2.9)
At 3 April 2022	1.2	5.9	4.9	65.3	77.3
Business combinations	**–**	**–**	**–**	**1.8**	**1.8**
Additions	**–**	**3.7**	**0.2**	**–**	**3.9**
Disposals	**–**	**–**	**(0.2)**	**–**	**(0.2)**
Exchange differences	**(0.1)**	**(0.1)**	**(0.1)**	**(1.1)**	**(1.4)**
At 2 April 2023	**1.1**	**9.5**	**4.8**	**66.0**	**81.4**
Accumulated amortisation and impairment					
At 4 April 2021	1.3	3.3	4.2	13.2	22.0
Amortisation charge for the period	–	–	0.1	10.3	10.4
Disposals	–	–	(0.9)	–	(0.9)
Exchange differences	(0.1)	(0.1)	(0.1)	(0.9)	(1.2)
At 3 April 2022	1.2	3.2	3.3	22.6	30.3
Amortisation charge for the period	**–**	**0.9**	**0.4**	**8.9**	**10.2**
Disposals	**–**	**–**	**(0.2)**	**–**	**(0.2)**
Exchange differences	**(0.1)**	**(0.1)**	**(0.1)**	**(0.4)**	**(0.7)**
At 2 April 2023	**1.1**	**4.0**	**3.4**	**31.1**	**39.6**
Carrying amount					
At 2 April 2023	**–**	**5.5**	**1.4**	**34.9**	**41.8**
At 3 April 2022	–	2.7	1.6	42.7	47.0
At 4 April 2021	–	–	0.3	39.3	39.6

Computer software is amortised over the estimated useful life, not exceeding five years. The amortisation charge for the period is fully expensed within operating expenses.

Customer contracts and relationships relate to customer-related intangible assets acquired as part of a business combination. They are recognised at their fair value at the date of acquisition and are subsequently amortised on a straight-line basis on the timing of projected cash flows of the contracts and relationships over their estimated useful lives. More details on business combinations are included in note 35.

Customer contracts and relationships include individually significant customer-related assets. The carrying value of these as at 2 April 2023 are:

Acquisition	Region	Customer Relationship ($'m)	Remaining Useful life (years)
DE-KA	Europe	19.5	12.9
Irvine	North America	4.8	8.0

At the prior period end the significant customer-related assets related to DE-KA ($21.4m) with a remaining useful economic life of 13.9 years. The net book value of customer relationships in Irvine was $5.4m with a remaining useful economic life of 9.0 years.

14. Property, plant and equipment

Group	Freehold land and buildings $'m	Leasehold improvements $'m	Plant and machinery $'m	Assets under construction $'m	Total $'m
Cost					
At 4 April 2021	3.4	10.0	57.3	5.2	75.9
Additions	–	0.2	5.9	5.0	11.1
Business combination	5.0	0.2	1.9	–	7.1
Disposals	–	–	(3.8)	–	(3.8)
Transferred to completed assets	–	5.2	1.0	(6.2)	–
Exchange differences	(0.2)	–	(1.8)	–	(2.0)
At 3 April 2022	8.2	15.6	60.5	4.0	88.3
Additions	**0.4**	**1.6**	**7.4**	**6.2**	**15.6**
Business combination (note 35)	**–**	**–**	**0.1**	**–**	**0.1**
Disposals	**–**	**–**	**(2.5)**	**–**	**(2.5)**
Transferred to completed assets	**–**	**–**	**4.8**	**(4.8)**	**–**
Exchange differences	**(0.3)**	**(0.1)**	**(0.7)**	**–**	**(1.1)**
At 2 April 2023	**8.3**	**17.1**	**69.6**	**5.4**	**100.4**
Accumulated depreciation and impairment					
At 4 April 2021	0.7	5.2	37.6	–	43.5
Depreciation charge for the period	0.3	0.7	5.4	–	6.4
Disposals	–	–	(3.5)	–	(3.5)
Exchange differences	(0.1)	–	(1.4)	–	(1.5)
At 3 April 2022	0.9	5.9	38.1	–	44.9
Depreciation charge for the period	**0.3**	**1.1**	**6.8**	**–**	**8.2**
Disposals	**–**	**–**	**(2.4)**	**–**	**(2.4)**
Exchange differences	**–**	**–**	**(0.4)**	**–**	**(0.4)**
At 2 April 2023	**1.2**	**7.0**	**42.1**	**–**	**50.3**
Carrying amount					
At 2 April 2023	**7.1**	**10.1**	**27.5**	**5.4**	**50.1**
At 3 April 2022	7.3	9.7	22.4	4.0	43.4
At 4 April 2021	2.7	4.8	19.7	5.2	32.4

At 2 April 2023, the Group had $3.7m (2022: $5.2m) contractual commitments for the acquisition of property, plant and equipment.

Of the $8.2m (2022: $6.4m) depreciation charge for the period, $7.3m (2022: $5.7m) was expensed through cost of sales and $0.9m (2022: $0.7m) was expensed through operating expenses. Depreciation of property, plant and equipment that is used in production activities is expensed through cost of sales.

The Group recognised a fair value adjustment of $nil (2022: decrease of $0.1m) in relation to the acquisition of plant and machinery acquired as part of business combinations.

15. Right-of-use assets

	Buildings $'m	Equipment $'m	Vehicles $'m	Total $'m
Cost				
At 4 April 2021	21.2	1.3	0.6	23.1
Additions	0.1	–	0.4	0.5
Business combination	5.1	–	–	5.1
Disposals	(0.5)	–	(0.1)	(0.6)
Exchange differences	(0.6)	–	–	(0.6)
At 3 April 2022	25.3	1.3	0.9	27.5
Additions	**8.9**	**8.7**	**0.2**	**17.8**
Business combination (note 35)	**2.0**	**–**	**0.1**	**2.1**
Disposals	**(0.6)**	**–**	**–**	**(0.6)**
Exchange differences	**0.1**	**0.1**	**–**	**0.2**
At 2 April 2023	**35.7**	**10.1**	**1.2**	**47.0**
Accumulated depreciation and impairment				
At 4 April 2021	4.2	0.6	0.3	5.1
Depreciation charge for the period	3.0	0.2	0.2	3.4
Disposals	(0.2)	–	(0.1)	(0.3)
Exchange differences	(0.1)	–	–	(0.1)
At 3 April 2022	6.9	0.8	0.4	8.1
Depreciation charge for the period	**4.1**	**0.5**	**0.2**	**4.8**
Disposals	**(0.6)**	**–**	**–**	**(0.6)**
Exchange differences	**0.2**	**–**	**–**	**0.2**
At 2 April 2023	**10.6**	**1.3**	**0.6**	**12.5**
Carrying amount				
At 2 April 2023	**25.1**	**8.8**	**0.6**	**34.5**
At 3 April 2022	18.4	0.5	0.5	19.4
At 4 April 2021	17.0	0.7	0.3	18.0

16. Interests in associates

Where the Group has the power to participate in (but not control) the financial and operating policy decisions of another entity, it is classified as an associate. The Group uses the equity method, where the Group's share of post-acquisition profits and losses are recognised in the consolidated statement of comprehensive income (except for losses in excess of the Group's investment in the associate unless there is an obligation to make good those losses).

	2023 $'m	2022 $'m
Investment in associates:		
Kepler SignalTek Ltd	**2.6**	1.5
	2.6	1.5

Kepler SignalTek Ltd

On 12 April 2017, the Group acquired 26.09% of the voting shares in Kepler SignalTek Ltd (a company incorporated in Hong Kong) for consideration of $0.3m. Subsequently, the Group increased its shareholding to 27.4%. The company is focused on developing interconnect and finished device solutions for medical OEM customers and also provides high performance data transmission and industrial cable assemblies from their facility in China. As part of the shareholder agreement, Volex is entitled to appoint one of the three directors to the company.

Summarised financial information in respect of Kepler SignalTek Ltd is set out below. The summarised information below represents amounts before intra-group eliminations.

Summarised statement of financial position	2023 $'m	2022 $'m
Current assets	**12.9**	10.1
Non-current assets	**2.3**	0.9
Current liabilities	**(6.0)**	(6.0)
Non-current liabilities	**–**	–
Net assets	**9.2**	5.0

A reconciliation of the above summarised financial information to the carrying amount of the interests in the consolidated financial statements is set out below:

Reconciliation to the carrying amounts	2023 $'m	2022 $'m
Net assets of the associate	**9.2**	5.0
Proportion of the Group	**27%**	27%
Carrying amount of the Group's interest in Kepler SignalTek Ltd	**2.5**	1.4
Goodwill	**0.1**	0.1
Carrying amount	**2.6**	1.5

During the period, Kepler SignalTek Ltd redeemed $0.35m (2022: $0.03m) of the preference shares owned by Volex (see note 18).

Summarised statement of comprehensive income	2023 $'m	2022 $'m
Revenue	**20.7**	13.1
Profit for the period	**4.1**	1.4
Other comprehensive income for the period	**0.1**	–
Total comprehensive income for the period	**4.2**	1.4

17. Inventories

	2023 $'m	2022 $'m
Raw materials	**71.1**	64.6
Work in progress	**7.7**	5.1
Finished goods	**41.7**	49.6
	120.5	119.3

18. Trade and other receivables

Trade receivables	2023 $'m	2022 $'m
Amounts receivable for the sale of goods	**139.2**	121.4
Loss allowance	**(3.0)**	(2.4)
	136.2	119.0
Other receivables		
Other receivables	**11.8**	13.1
Net investment in sublease	**0.5**	1.0
Preference shares due from related parties	**1.7**	2.0
Prepayments	**3.5**	2.7
	17.5	18.8
Due for settlement within 12 months	**15.7**	16.7
Due for settlement after 12 months	**1.8**	2.1
	17.5	18.8

The carrying amounts of the trade receivables include certain receivables which are subject to a factoring arrangement. Under this arrangement, Volex has transferred the relevant receivables to the factor in exchange for cash and is prevented from selling or pledging the receivables. However, Volex has retained late payment and credit risk. Where there is recourse the Group continues to recognise the transferred assets in their entirety in its balance sheet. The amount repayable under the factoring agreement is presented as secured borrowing. The Group considers that the held to collect business model remains appropriate for these receivables and hence continues measuring them at amortised cost. Where there is non-recourse, the receivable is de-recognised upon receipt of the cash.

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

Other receivables comprises recoverable sales taxes, supplier deposits and other operating debtors. The Group has a sublease on a property in North America. A corresponding lease liability was recognised in relation to the payments due under the head lease.

One (2022: two) of the Group's customers individually accounts for more than 10% of total Group revenue. The largest customer operates in the Electric Vehicles sector and accounts for 15.8% (2022: two largest customers 27.6%) of total Group revenue. Other than this customer, the Group has no significant concentration of credit risk, with exposure spread over a large number of counterparties and customers. At 2 April 2023, the largest customer represented 17% of the net trade receivables (2022: largest two customers 27%).

The average credit period taken on sales of goods is 73 days (2022: 74 days). An allowance has been made for estimated irrecoverable amounts from the sale of goods. This allowance has been determined by reference to the expected credit loss, which includes consideration of past default experience, an analysis of the counterparty's current financial position, the current economic environment and potential losses.

Included in trade receivables are receivables with a carrying value of $16.5m (2022: $9.4m) for the Group which are past due at the reporting date for which no provision has been made as there has not been a significant change in credit quality and the amounts are still considered recoverable. The Group does not hold any collateral over these balances.

Ageing of past due but not impaired receivables	2023 $'m	2022 $'m
0–60 days	**14.4**	8.9
60–90 days	**1.1**	0.4
90–120 days	**0.7**	0.1
120+ days	**0.3**	–
	16.5	9.4

18. Trade and other receivables continued

Movement in the allowance for doubtful debts	2023 $'m	2022 $'m
Balance at the beginning of the period	**2.4**	1.9
Amounts acquired on business combination	**0.1**	0.6
Amounts written off during the period	**(0.6)**	–
Amounts recovered during the period	**(0.1)**	–
Increase/(decrease) in allowance recognised in profit or loss	**1.2**	(0.1)
Balance at the end of the period	**3.0**	2.4

Exchange differences were $nil in both periods. In determining the recoverability of trade receivables, the Group considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the reporting date. With the exception of the one customer noted above (2022: two customers), the concentration of credit risk is limited due to the customer base being large and unrelated.

Given the current economic uncertainty associated with various global events, the Directors have considered the impact upon IFRS 9 and the Group's provision matrix. After consideration of historical loss rates, the growth in the business, the movement in credit scores observed for a range of customers the expected credit loss provision has been adjusted to $3.0m (2022: $2.4m).

Ageing of impaired trade receivables	2023 $'m	2022 $'m
Current	**1.1**	1.1
0–60 days	**0.6**	0.3
60–90 days	**–**	–
90–120 days	**0.2**	0.6
120+ days	**1.1**	0.4
	3.0	2.4

19. Borrowings and lease liabilities

	2023 $'m	2022 $'m
Secured borrowings at amortised cost		
Bank overdrafts	**1.8**	3.2
Bank loans	**89.6**	100.3
Lease liabilities	**34.8**	20.9
Total borrowings at amortised cost	**126.2**	124.4
Amount due for settlement within 12 months	**17.4**	9.3
Amount due for settlement after 12 months	**108.8**	115.1
	126.2	124.4

The bank loans are secured by a floating charge over the assets of key subsidiaries of Volex plc. During the prior period bank loans included $0.7m related to factored receivables (see note 18) and loans acquired as part of the acquisition of DE-KA. The overdraft is secured by a floating charge over the assets of the relevant business unit. During the Covid-19 pandemic, the Group's North American operations applied for PPP ('Paycheck Protection Program') support loans in North America which totalled $2.6m. During the prior period the PPP loans were forgiven.

At 2 April 2023 unamortised debt issue costs of $1.9m (2022: $2.2m) are included within bank loans.

Lease liabilities are effectively secured as the rights to the leased assets recognised in the financial statements (see note 15) revert to the lessor in the event of default.

The total cash outflow for leases is $7.5m (2022: $5.2m) comprising lease repayments of $5.8m (2022: $4.2m) and $1.7m (2022: $1.0m) of interest on leases. Interest on lease liabilities is shown in note 6 and the maturity of lease liabilities is shown in note 31.

19. Borrowings and lease liabilities continued

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

	2023 $'m	2022 $'m
In less than one year	**0.5**	0.6

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

	2023 %	2022 %
Bank loans and overdrafts	**5.2**	2.2

The Group has a $200m committed facility (the 'facility') together with an additional $100m uncommitted accordion (the 'accordion'). The syndicate comprises of 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 banking facility there are floating charges over certain subsidiaries and their assets. The accordion feature provides further capacity for potential future acquisitions. This facility comprises a $125m revolving credit facility and a $75m term loan. The facility is secured by fixed and floating charges over the assets of certain Group companies. As at the year end these totalled $226.5m (2022: $217.8m).

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). A 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.

During the period, professional fees of $0.5m were incurred in relation to the exercising the first of two one-year options. Of this, $0.4m was paid to the syndicate. During the prior period $2.4m was capitalised in relation to the current banking facility which was entered into in February 2022. These professional fees are being charged to the income statement on a straight-line basis over the facility term.

During the prior period $0.8m debt issue costs associated with the previous facility were written off (see note 6).

At 2 April 2023, the facility incurred interest at a margin of 2.1% (2022: 2.1%) above the applicable rate, typically SOFR.

Also, drawn under the facilities, and not included above, are guarantees and letters of credit amounts to $0.7m (2022: $0.3m).

Drawings under the facilities were made in various currencies. Total borrowings for the Group at 2 April 2023 can be analysed by currency as follows:

	2023 $'m	2022 $'m
USD	**91.5**	89.6
EUR	**–**	11.8
INR	**–**	1.1
	91.5	102.5
Less: debt issue costs (note 27)	**(1.9)**	(2.2)
	89.6	100.3

Undrawn borrowing facilities

At 2 April 2023, the Group had undrawn committed borrowing facilities available of $107.8m (2022: $96.0m).

20. Trade and other payables

Trade payables	2023 $'m	2022 $'m
Trade payables	**84.4**	84.7
Other payables		
Other taxes and social security	**5.4**	4.6
Accruals and deferred income	**61.2**	58.3
	66.6	62.9
Due for settlement within 12 months	**65.2**	61.9
Due for settlement after 12 months	**1.4**	1.0
	66.6	62.9

Trade payables and accruals principally comprise amounts outstanding for trade purchases and ongoing costs. The Directors consider that the carrying amount of trade and other payables approximates to their fair value.

Included in accruals and deferred income is $3.5m (2022: $11.2m) relating to deferred and contingent consideration for acquisitions.

21. Deferred tax

The following are the major deferred tax assets and liabilities recognised by the Group and movements thereon during the current and prior reporting periods.

	Unremitted earnings $'m	Intangible assets $'m	Trading losses $'m	Accelerated tax depreciation $'m	Other temporary differences[1] $'m	Share-based payments $'m	Total $'m
At 4 April 2021	(1.1)	(7.3)	8.6	0.6	7.8	5.6	14.2
Acquisitions	–	(2.3)	–	(0.2)	0.4	–	(2.1)
Credit/(expense) to income statement	0.2	2.2	2.0	0.4	(0.4)	(0.2)	4.2
Expense to other comprehensive income	–	–	–	–	(0.1)	–	(0.1)
Expense directly to equity	–	–	–	–	–	(2.4)	(2.4)
Exchange differences	–	0.3	(0.4)	0.1	(0.1)	(0.1)	(0.2)
At 3 April 2022	**(0.9)**	**(7.1)**	**10.2**	**0.9**	**7.6**	**2.9**	**13.6**
Acquisitions	**–**	**(0.4)**	**–**	**–**	**–**	**–**	**(0.4)**
(Expense)/credit to income statement	**(0.7)**	**1.5**	**5.1**	**(1.0)**	**1.2**	**(0.1)**	**6.0**
Expense to other comprehensive income	**–**	**–**	**–**	**–**	**(0.1)**	**–**	**(0.1)**
Expense directly to equity	**–**	**–**	**–**	**–**	**–**	**(1.1)**	**(1.1)**
Exchange differences	**–**	**0.2**	**(0.4)**	**–**	**–**	**(0.1)**	**(0.3)**
At 2 April 2023	**(1.6)**	**(5.8)**	**14.9**	**(0.1)**	**8.7**	**1.6**	**17.7**

1 Other temporary differences primarily relate to financial instruments, pensions, leases and short-term timing differences on accruals, provisions and finance costs.

Certain deferred tax assets and liabilities have been offset. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

	2023 $'m	2022 $'m
Deferred tax assets	**24.6**	20.6
Deferred tax liabilities	**(6.9)**	(7.0)
	17.7	13.6

21. Deferred tax continued

At the balance sheet date, the Group had unused tax losses of $89.2m (2022: $107.0m) available for offset against future profits. No deferred tax asset has been recognised in respect of $28.8m (2022: $64.1m) of these losses.

Included in the unrecognised tax losses are losses of $17.3m (2022: $12.1m) that cannot be carried forward indefinitely. Of this amount, $7.5m (2022: $3.2m) expires during the next five accounting periods. Other losses may be carried forward to future periods.

The carrying amount of deferred tax assets is reviewed at each reporting date and recognised to the extent that it is probable that there are sufficient taxable profits to allow all or part to be recovered. In assessing the probability of recovery, the five-year cash flow forecast that has been used for goodwill impairment testing was used as a basis for determining the probable taxable profits arising in each relevant jurisdiction. Of the $14.9m (2022: $10.2m) recognised in respect of tax losses, $13.6m (2022: $7.3m) relates to a key jurisdiction. This includes amounts recognised arising from the Group's uncertain tax positions, where the Group typically has limited control over the timing of resolution.

At the reporting date, a deferred tax liability of $1.6m (2022: $0.9m) has been recognised relating to the unremitted earnings of overseas subsidiaries. No deferred tax liability is recognised on temporary differences of $64.2m (2022: $60.6m) on unremitted earnings of subsidiaries as the Group is able to control the reversal of these temporary differences and it is probable that they will not reverse in the foreseeable future. The temporary differences represent only the unremitted earnings of those overseas subsidiaries where remittance to the UK of those earnings may still result in a tax liability, principally as a result of dividend withholding taxes levied by the overseas tax jurisdictions in which those subsidiaries operate.

On 3 March 2021 the UK Government announced changes to the UK corporate tax system and an increase in tax rate from the fiscal year 2023 to 25% from the currently enacted rate of 19%. This tax rate change was substantively enacted on 24 May 2021 and was, therefore, reflected in the closing UK deferred tax balances of the previous period, which resulted in an increase to the value of the net UK deferred tax asset recorded in 2022. Deferred tax assets and liabilities are measured at the tax rate expected to apply in the period in which the asset is realised or the liability is settled.

22. Provisions

	Property $'m	Restructuring $'m	Other $'m	Total $'m
At 4 April 2021	0.2	0.1	1.8	2.1
Charge/(credit) 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
Credit in the period	**–**	**–**	**(0.6)**	**(0.6)**
Utilisation of provision	**–**	**(0.6)**	**(0.1)**	**(0.7)**
Amounts acquired on business combination	**0.1**	**–**	**–**	**0.1**
Exchange differences	**–**	**–**	**–**	**–**
At 2 April 2023	**0.4**	**–**	**0.9**	**1.3**
Current liabilities	**–**	**–**	**0.9**	**0.9**
Non-current liabilities	**0.4**	**–**	**–**	**0.4**

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 was made to cover the redundancy and other associated exit costs. The closure was completed in the year and the provision was fully utilised.

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 (2022: $0.9m) 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.

During the year the Group made additional office dilapidation provisions. These provisions relate to the RDS offices acquired during the year and a new office being utilised by the Group located in Japan.

23. Share capital and share premium account

	Ordinary shares of £0.25 each Number	Par value $'m	Share premium $'m	Total $'m
Allotted, called up and fully paid:				
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
Issue of new shares (i)	**388,376**	**0.2**	**(0.2)**	**–**
At 2 April 2023	**159,107,085**	**62.7**	**60.7**	**123.4**

(i) Shareholders were able to elect to receive ordinary shares in place of the final dividend of 2.4p per ordinary share (in relation to year ended 3 April 2022) and the interim dividend of 1.3p (in relation to the current year) under the terms of the Company's scrip dividend scheme. This resulted in the issue of 377,615 and 10,761 new fully paid ordinary shares respectively (2022: nil).

The holders of ordinary shares are entitled to receive dividends as declared and are entitled to one vote per share at meetings of the Company. The Company does not have an authorised share capital.

During the prior period the Company 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.

23. Share capital and share premium account continued

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

			Number of shares	
Date of grant	**Option price (p)**	**Exercise period**	**2023**	2022
Performance Share Plan				
31 March 2016	25	March 2019 – March 2026	**140,737**	227,461
1 December 2016	25	December 2019 – December 2026	**223,505**	407,642
1 December 2017	25	December 2020 – December 2027	**200,000**	530,000
11 December 2018	25	December 2021 – December 2028	**545,000**	600,000
24 March 2019	25	March 2022 – March 2029	**150,000**	300,000
Long Term Incentive Plan				
10 September 2019	–	September 2022 – September 2029	**1,920,000**	2,370,000
1 December 2019	–	December 2022 – December 2029	**305,000**	437,500
11 December 2020	–	December 2023 – December 2030	**941,000**	961,000
7 December 2021	–	December 2024 – December 2031	**941,925**	944,425
21 December 2022	–	December 2027 – December 2032	**1,852,500**	–
21 December 2022	–	December 2028 – December 2032	**1,852,500**	–
2 January 2023	–	December 2025 – December 2032	**424,500**	–
Acquisition Retention Awards				
31 July 2019	–	March 2020 – March 2027	**–**	966,666
Deferred Bonus Plan				
16 June 2021	–	June 2022	**–**	97,011
26 August 2022	–	August 2023	**68,678**	–
			9,565,345	7,841,705

For further details of the Group's share option schemes, see note 29.

Under the FY2023 deferred share bonus plan, shares will be awarded to the executive management team in lieu of a cash bonus. These will be issued in accordance with the terms of the deferred share bonus plan.

24. Own shares and non-distributable reserves

Own shares	**2023 $'m**	2022 $'m
At the beginning of the period	**0.2**	3.3
Sale of shares	**(4.2)**	(7.5)
Purchase of shares	**5.0**	4.4
At end of the period	**1.0**	0.2

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 Employees' Share Trust to satisfy future share option exercises under the Group's share option schemes (see note 29).

The number of ordinary shares held by The Volex Group PLC Employees' Share Trust at 2 April 2023 was 233,978 (2022: 53,205). The market value of the shares as at 2 April 2023 was $0.6m (2022: $0.2m).

Unless and until the Company notifies a trustee of The Volex Group PLC Employees' 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 1,242,155 (2022: 3,645,040) shares were utilised on the exercise of share awards. During the year, the Company purchased 1,422,928 shares (2022: 1,100,000) at a cost of $5.0m (2022: $4.4m) and issued zero new shares to the Trust (2022: 1,666,668).

In December 2013, The Volex Group PLC Employees' 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.

25. Non-controlling interest

InYantra is a company incorporated in India. A 51% equity stake was acquired on 30 March 2022. Non-controlling interests hold a 49% interest. Due to the timing of the acquisition no contribution to the Group income statement was recorded in the prior period. Summarised financial information in respect of inYantra is set out below. The summarised information below represents amounts before intra-group eliminations.

Summarised statement of financial position	2023 $'m	2022 $'m
Current assets	**7.6**	10.3
Non-current assets	**13.4**	13.5
Current liabilities	**(4.6)**	(6.2)
Non-current liabilities	**(0.7)**	(1.8)
Net assets	**15.7**	15.8
Equity attributable to non-controlling interests	**7.4**	7.4

Summarised statement of comprehensive income	2023 $'m
Revenue	**28.2**
Profit for the period	**1.1**
Other comprehensive expense for the period	**(1.2)**
Total comprehensive expense for the period	**(0.1)**

Summarised cash flow	2023 $'m
Net cash used in operating activities	**(1.7)**
Net cash used in investing activities	**(1.3)**
Net cash generated from financing activities	**–**
Net decrease in cash and cash equivalents	**(3.0)**

26. Dividends

Dividends	2023 Total $'m	Settled via scrip $'m	Dividend per ordinary share (p)	2022 Total $'m	Settled via scrip $'m	Dividend per ordinary share (p)
Declared during the financial period:						
Final – period ended 3 April 2022	**4.6**	**1.4**	**2.4p**	–	–	–
Interim – period ended 2 April 2023	**2.5**	**–**	**1.3p**	–	–	–
Final – period ended 4 April 2021	**–**	**–**	**–**	4.7	–	2.2p
Interim – period ended 3 April 2022	**–**	**–**	**–**	2.5	–	1.2p
	7.1	**1.4**		7.2	–	

The proposed final dividend of 2.6p per ordinary share based on the number of issued ordinary shares at 2 April 2023 is subject to approval by shareholders at the Annual General Meeting and has not been included as a liability in these financial statements. Based on shares in issue at 2 April 2023, this would equate to a final dividend of $5.1m.

27. Analysis of net debt

	Cash and cash equivalents $'m	Bank loans $'m	Factoring $'m	Lease liability $'m	Debt issue costs $'m	Total $'m
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)
Business combination	**0.4**	**(0.7)**	**–**	**(2.1)**	**–**	**(2.4)**
Cash flow	**(5.9)**	**10.3**	**0.7**	**7.5**	**0.5**	**13.1**
New leases entered into during the year	**–**	**–**	**–**	**(17.8)**	**–**	**(17.8)**
Lease interest	**–**	**–**	**–**	**(1.7)**	**–**	**(1.7)**
Exchange differences	**0.3**	**0.7**	**–**	**0.2**	**(0.1)**	**1.1**
Amortisation of debt issue costs	**–**	**–**	**–**	**–**	**(0.7)**	**(0.7)**
At 2 April 2023	**20.7**	**(91.5)**	**–**	**(34.8)**	**1.9**	**(103.7)**

Debt issue costs relate to bank facility arrangement fees. In February 2023 the Group extended the facility by exercising the first of its two one-year extension options, thereby extending the termination date to 10 February 2026. The $0.5m of costs associated with the extension request were capitalised.

New leases entered into during the year primarily relate to expansions and renewals of factory leases across multiple sites ($8.8m), and investment in surface mount technology in North America ($8.7m).

During the prior year, $2.5m of professional fees were capitalised, $2.3m related to a new banking facility entered into during February 2022 and $0.2m associated with executing the accordion on the previous facility. The refinancing resulted in a write-off of $0.8m (see note 6).

28. Notes to the statement of cash flows

	2023 $'m	2022 $'m
Profit for the period	**37.4**	30.4
Adjustments for:		
Finance income (note 5)	**(0.4)**	(0.3)
Finance costs (note 6)	**9.5**	5.5
Income tax expense (note 10)	**8.4**	5.8
Share of net profit from associates	**(1.1)**	(0.4)
Depreciation of property, plant and equipment (note 14)	**8.2**	6.4
Depreciation of right-of-use assets (note 15)	**4.8**	3.4
Amortisation of intangible assets (note 13)	**10.2**	10.4
Loss/(profit) on disposal of property, plant and equipment	**0.1**	(0.2)
Share-based payment charge (note 29)	**3.7**	4.4
PPP loan forgiveness (note 4)	**–**	(2.6)
Contingent consideration adjustments (note 4)	**(1.3)**	(0.2)
Decrease in provisions	**(1.1)**	(1.7)
Operating cash flow before movement in working capital	**78.4**	60.9
Increase in inventories	**(0.2)**	(28.1)
Increase in receivables	**(15.4)**	(14.2)
Increase in payables	**7.0**	7.9
Movement in working capital	**(8.6)**	(34.4)
Cash generated from operations	**69.8**	26.5
Cash generated from operations before adjusting operating items	**72.0**	28.5
Cash used by adjusting operating items	**(2.2)**	(2.0)
Taxation paid	**(7.9)**	(6.5)
Interest paid	**(6.2)**	(1.5)
Net cash generated from operating activities	**55.7**	18.5

Cash and cash equivalents

	2023 $'m	2022 $'m
Cash and bank balances	**22.5**	29.1
Bank overdrafts	**(1.8)**	(3.2)
	20.7	25.9

Cash and cash equivalents comprise cash held by the Group, short-term bank deposits with an original maturity of three months or less from inception and bank overdrafts. The carrying amount of these assets approximates their fair value. Included within cash and cash equivalents is $0.1m (2022: $0.3m) held in trust, which can only be used for Volex employees.

29. Share-based payments

The Group has four equity-settled share-based payment arrangements in operation.

Long Term Incentive Plan ('LTIP')

The LTIP is a discretionary long-term incentive scheme for Executive Directors and senior managers. It provides for the award of nominal value options, which vest after at least three years, subject to performance conditions. Options issued under the LTIP are exercisable between three and ten years from the date of grant, subject to the continued employment of the participant and achievement of performance targets. All awards under the LTIP are nil cost. Full details of how the scheme operates are explained on page 109 of the Remuneration Committee Report.

Performance Share Plan ('PSP')

The PSP scheme was replaced by the Long Term Incentive Plan ('LTIP') during 2020. The PSP is a discretionary long-term incentive scheme for Executive Directors and senior managers. It provides for the award of nominal value options which vest after at least three years, subject to performance conditions. Options issued under the PSP are exercisable between three and ten years from the date of grant, subject to the continued employment of the participant and achievement of performance targets. All awards under the PSP have an exercise price of 25p, which is equivalent to the nominal value of the underlying ordinary shares.

Deferred Bonus Plan ('DBP')

The DBP is for the executive management team. A percentage of any cash bonus is deferred to shares and held in trust for a period, which is determined by the Remuneration Committee. The percentage of any cash bonus to be deferred is at the discretion of the Remuneration Committee. The only vesting condition is continuing employment.

Acquisition Retention Awards ('ARA')

The ARA were used to incentivise and retain key employees in acquired businesses who are deemed to deliver a significant contribution to the integration of the acquired business into the Group and have an important role in the continuing success of the acquired business. These awards have vesting periods that are determined by the specific circumstances of the acquisition and vest based on continued employment as well as performance measures that relate to the performance of the Group or the acquired business. Awards consist of shares or the right to acquire shares for a nominal value.

Details of the share awards outstanding and the weighted average exercise price of those awards are as follows:

	PSP Number	LTIP Number	DBP Number	ARA Number	Total Number	Weighted average exercise price (p)
Outstanding at 4 April 2021	3,866,382	3,788,500	202,097	4,666,667	12,523,646	7
Exercisable at the 4 April 2021	1,726,382	–	–	–	1,726,382	25
Outstanding at 5 April 2021	3,866,382	3,788,500	202,097	4,666,667	12,523,646	7
Granted during the period	–	950,725	97,011	–	1,047,736	–
Exercised during the period	(1,801,279)	–	(202,097)	(1,666,668)	(3,670,044)	(10)
Lapsed during the period	–	(26,300)	–	(2,033,333)	(2,059,633)	–
Outstanding at 3 April 2022	2,065,103	4,712,925	97,011	966,666	7,841,705	6
Exercisable at the 3 April 2022	2,065,103	–	–	–	2,065,103	25
Outstanding at 4 April 2022	2,065,103	4,712,925	97,011	966,666	7,841,705	6
Granted during the period	–	4,395,361	68,678	–	4,464,039	–
Exercised during the period	(555,000)	(833,361)	(97,011)	–	(1,485,372)	(9)
Lapsed during the period	(250,861)	(37,500)	–	(966,666)	(1,255,027)	–
Outstanding at 2 April 2023	**1,259,242**	**8,237,425**	**68,678**	**–**	**9,565,345**	**3**
Exercisable at the 2 April 2023	**1,259,242**	**2,225,000**	**–**	**–**	**3,484,242**	**9**

Included within the LTIP awards are 3,097,500 (2022: 3,547,500) options awarded to Directors and senior leadership, which are subject to an additional multiplier effect whereby the awards can double depending upon the performance of the Volex share price relative to peers. Full details of how the scheme operates are explained on page 109 of the Remuneration Committee Report. Of the share awards that lapsed during the period, 288,361 (2022: 1,059,633) lapsed in respect of leavers and 966,666 (2022: 1,000,000) lapsed due to failure to meet performance conditions.

The awards outstanding at 2 April 2023 had a weighted average remaining contractual life of seven years (2022: eight years).

Of the 9,565,345 awards outstanding at 2 April 2023, 1,259,242 had an exercise price of £0.25 and 8,306,103 had an exercise price of £nil.

Of the 7,841,705 awards outstanding at 3 April 2022, 2,065,103 had an exercise price of £0.25 and 5,776,602 had an exercise price of £nil.

The aggregate of the estimated fair values of the options granted during the period was $11.5m (2022: $4.6m).

29. Share-based payments continued

Of the awards granted during the period, 68,678 were deferred bonus plan awards with an exercise price of £nil, a service period of one year and no performance conditions. The remaining 4,395,361 awards were long term incentive plan awards with a nil exercise price. Of these awards, Executive Directors and key senior managers were awarded 3,705,000 options with service period of five and six years with performance conditions based on the business performance linked to the Group's five-year plan. The remaining options were awarded to individuals which require a service period of three years with performance conditions based on the business performance and total shareholder return.

The fair value of awards granted in the period was calculated at the date of grant using a Monte Carlo binomial model or a Black–Scholes model, depending on the vesting criteria of each award. Market-based performance conditions are taken into account in the calculation of the fair values. Valuation model inputs were as follows:

	2023 LTIP	2022 LTIP
Weighted average share price	**£2.60**	£3.56
Weighted average exercise price	**£nil**	£nil
Expected volatility	**49%**	52%
Expected life (years)	**5**	3
Risk-free rate	**3.2%**	0.4%
Expected dividends	**1.4%**	1.0%

Expected volatility was determined with reference to historical volatility of the Group's share price over the previous three years. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

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

	2023 $'m	2022 $'m
PSP	**–**	0.4
LTIP	**4.2**	3.3
DBP	**0.4**	0.1
ARA	**(0.9)**	0.6
Share-based payment charge	**3.7**	4.4
Employers' tax charge in relation to share awards	**–**	–
	3.7	4.4

30. Retirement benefit obligations

Defined contribution schemes

The Group operates a number of defined contribution pension schemes. Contributions to the defined contribution schemes are charged to the income statement as they fall due. The Group has no further obligations once the contributions have been made.

The total cost charged to the Group's income statement in the period was $0.5m (2022: $0.4m).

Defined benefit schemes

The Group operates five defined benefit plans.

Volex Executive Pension Scheme

Volex plc (the 'Company') operates a defined benefit pension arrangement called the Volex Executive Pension Scheme (the 'Scheme'). The Scheme provides benefits based on final salary and length of service on retirement, leaving service or death.

The Scheme is subject to the Statutory Funding Objective under the Pensions Act 2004. A valuation of the Scheme is carried out at least once every three years to determine whether the Statutory Funding Objective is met. As part of the process, the Company must agree with the Trustees of the Scheme the contributions to be paid to meet the Statutory Funding Objective. The future contributions required to meet the Statutory Funding Objective do not currently affect the balance sheet of the Scheme in these financial statements.

The most recent comprehensive actuarial valuation of the Scheme was carried out as at 31 July 2019. An actuarial valuation as at 31 July 2022 is currently in progress. In the event that the valuation reveals a larger deficit than expected, the Company may be required to increase contributions above those set out in the existing Schedule of Contributions. Conversely, if the position is better than expected, it is possible that contributions may be reduced.

Notes to the Consolidated Financial Statements

For the 52 weeks ended 2 April 2023 (52 weeks ended 3 April 2022)

30. Retirement benefit obligations continued

In accordance with the Schedule of Contributions dated September 2020 the Company has agreed to pay contributions of £0.8m p.a. (payable in quarterly instalments) over the period to 30 September 2025.

The Scheme is managed by a Trustee Company, the board of which is appointed in part by the Company and in part from elections by members of the Scheme. The Trustees have responsibility for obtaining valuations of the fund, administering benefit payments and investing the Scheme's assets. The Trustee delegates some of these functions to their professional advisers where appropriate.

The Scheme exposes the Company to a number of risks:

- Investment risk. The Scheme holds investments in asset classes, such as equities, which have volatile market values and while these assets are expected to provide the real returns over the long-term, the short-term volatility can cause additional funding to be required if the deficit increases.
- Interest rate risk. The Scheme's liabilities are assessed using market yields on high quality corporate bonds to discount the liabilities. As the Scheme holds assets such as equities, the value of the assets and liabilities may not move in the same way.
- Inflation risk. A significant proportion of the benefits under the Scheme are linked to inflation. Although the Scheme's assets are expected to provide a good hedge against inflation over the long term, movements over the short term could lead to deficits emerging.
- Mortality risk. In the event that members live longer than assumed deficits may emerge in the Scheme.

There were no plan amendments, curtailments or settlements during the period.

The key assumptions utilised are:

	Valuation at	
	2023	2022
Discount rate	**4.7%**	2.7%
Future pension increases	**3.0%**	3.4%
Inflation assumption (RPI)	**3.6%**	4.0%
Inflation assumption (CPI)	**3.1%**	3.6%

The following mortality assumptions have been made:

	2023 Years	2022 Years
Future life expectancy for a pensioner currently aged 65		
– Male	**22.6**	22.6
– Female	**24.2**	24.2
Future life expectancy at age 65 for a non-pensioner currently aged 55		
– Male	**23.1**	23.2
– Female	**24.9**	24.9

Significant actuarial assumptions for the determination of the defined benefit obligations are the discount rate, inflation and life expectancy. The sensitivity analysis below has been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period, assuming that all other assumptions are held constant:

Assumption	Change in assumption	Impact on scheme liabilities
Discount rate	Increase/decrease by 0.5%	($0.6m)/$0.7m
Inflation	Increase/decrease by 0.5%	$0.3m/($0.3m)
Life expectancy	Increase/decrease by 1 year	$0.6m/($0.6m)

In reality, one might expect interrelationships between the assumptions, especially between discount rate and inflation. The above analysis does not take the effect of these interrelationships into account.

30. Retirement benefit obligations continued

Amounts recognised in income statement	2023 $'m	2022 $'m
Interest cost	(0.5)	(0.4)
Expected return on scheme assets	0.5	0.3
Finance costs	(0.0)	(0.1)

No other amounts have been recognised in the income statement in the current or prior year.

An actuarial movement of $nil (2022: gain of $0.6m) has been reported in the statement of comprehensive income.

Cumulative actuarial losses recognised in equity	2023 $'m	2022 $'m
At the beginning of the period	(4.3)	(4.9)
Net actuarial gains recognised in the period	–	0.6
At the end of the period	(4.3)	(4.3)

Amounts recognised in the statement of financial position	2023 $'m	2022 $'m
Fair value of scheme assets	12.8	17.5
Present value of defined benefit obligations	(13.1)	(18.9)
Deficit in scheme recognised in the statement of financial position	(0.3)	(1.4)
Current liabilities	(0.3)	(1.1)
Non-current liabilities	–	(0.3)
	(0.3)	(1.4)

The Group has contributed $1.0m to the defined benefit pension plan in the period ended 2 April 2023 (2022: $1.1m).

Movements in the present value of defined benefit obligations	2023 $'m	2022 $'m
At the beginning of the period	(18.9)	(22.0)
Interest cost	(0.5)	(0.4)
Experience loss on liabilities	0.3	–
Remeasurement gain	3.7	1.2
Benefits paid	1.1	1.2
Foreign exchange	1.2	1.1
At the end of the period	(13.1)	(18.9)

The average duration of the Scheme's defined benefit obligation is approximately 10 years (2022: 15 years).

Movements in the fair value of scheme assets	2023 $'m	2022 $'m
At the beginning of the period	17.5	18.8
Interest on assets	0.5	0.3
Actuarial losses	(4.0)	(0.6)
Contributions from the sponsoring company	1.0	1.1
Benefits paid	(1.1)	(1.2)
Foreign exchange	(1.1)	(0.9)
At the end of the period	12.8	17.5

30. Retirement benefit obligations continued

Assets

Asset category	2023 $'m	2022 $'m
Target return assets[1]	**7.5**	8.7
Corporate Bonds[2]	**0.7**	3.7
Liability Driven Investments[1]	**3.9**	4.5
Cash	**0.7**	0.6
Total	**12.8**	17.5

1 Targeted return and LDI – Dynamic Diversified Growth Fund and the Liability Driven Investment fund are pooled investment vehicles whereby the Scheme purchases units in that fund which are not quoted. The funds invest in a variety of assets including quoted/listed stocks and shares and bonds, which are valued by the investment manager using the latest available prices. The Scheme itself is not directly the owner of these underlying assets.

2 Corporate bonds – This is also a pooled investment vehicle whereby the Scheme purchases units of the fund. The fund invests in UK investment grade corporate bonds with maturities in excess of 10 years. The fund is valued by the investment manager using the latest available prices and is benchmarked against the iBoxx Sterling Non-Gilts Over 10 Year Index. The Scheme itself is not directly the owner of these underlying assets.

None of the fair values of the assets shown above include any of the Company's own financial instruments or any property occupied or other assets used by the Company (2022: nil).

The actual return on scheme assets for the period was a loss of $3.5m (2022: loss of $0.3m).

The estimated amount of contributions expected to be paid to the Scheme during the 52 weeks to 31 March 2024 is $1.1m (2022: $1.1m).

Overseas schemes

In Indonesia, the Group operates an unfunded defined benefit scheme. The scheme requires continuous employment with a lump sum payable upon retirement. The actuarial liability as at 2 April 2023 has been calculated as $0.8m (2022: $0.9m) by an external actuary.

DE-KA also operates an unfunded defined benefit scheme. The scheme requires continuous employment with a lump sum payable upon retirement. The actuarial liability as at 2 April 2023 has been calculated as $1.3m (2022: $0.5m) by an external actuary. The Group also operates unfunded schemes in Mexico and India.

31. Financial instruments

Capital risk management

The Group manages its capital to ensure that entities in the Group will be able to continue as going concerns while maximising the return to shareholders through the optimisation of the debt and equity balance.

The capital structure of the Group consists of debt, which includes the borrowings disclosed in note 19, cash and cash equivalents and equity attributable to the owners of the parent, comprising issued capital, reserves and retained earnings as contained in the statement of changes in equity.

The Board reviews the capital structure on a regular basis, including facility headroom, forecast working capital and capital expenditure requirements.

The Group has a $200 million committed facility, together with an additional $100 million uncommitted accordion. The facility comprises a $125 million revolving credit facility ('RCF') and a $75 million term loan. As at the 2 April 2023 the term loans of $75m were fully drawn and $16.5m (2022: $25.6m) was also utilised under the revolving credit facility. The Group also operates a cashpool facility, which is denominated in a variety of currencies. As at 2 April 2023, there was a $1.7m overdraft (2022: $3.2m). The average combined utilisation of the cashpool during the period was $2.5m (2022: $1.5m). The three-year facility includes two one-year extensions and in February 2023 the Group utilised the first of these extensions, leading to a new termination date of 10 February 2026.

Included in note 19 is a description of undrawn facilities as at the reporting date.

The terms of the RCF require the Group to perform quarterly financial covenant calculations with respect to leverage (adjusted total debt to adjusted rolling 12-month EBITDA) and interest cover (adjusted rolling 12-month EBITDA to adjusted rolling 12-month interest). Breach of these covenants could result in cancellation of the facility. The Group was compliant with these covenants during the year and has continued to operate within these covenants in the period from 2 April 2023 to the date of issue of these financial statements.

The Board is, therefore, confident that the combination of the above facility and the cash on hand at the end of the year provides adequate liquidity headroom for the successful execution of the Group's operations.

The Group is not subject to externally imposed capital requirements.

31. Financial instruments continued

Financial instruments

The Group's principal financial instruments comprise bank borrowings and overdrafts, cash and short-term deposits, trade and other receivables and trade and other payables. The Group also enters into derivative transactions, principally forward copper contracts to manage the commodity price risk arising from its operations and forward currency contracts to manage the currency risks. Set out below is a comparison by category of carrying amounts and fair values of all the Group's financial instruments that are carried in the financial statements. Except as detailed below, the Directors consider that the carrying amounts of the financial assets and financial liabilities recorded at amortised cost approximate their fair values.

	Book value 2023 $'m	Book value 2022 $'m	**Fair value 2023 $'m**	Fair value 2022 $'m
Financial assets – loans and receivables				
Cash	**22.5**	29.1	**22.5**	29.1
Trade and other receivables	**136.2**	123.8	**136.2**	123.8
Financial liabilities – amortised cost				
Interest-bearing loans and borrowings	**(91.4)**	(103.5)	**(93.3)**	(105.7)
Lease liabilities	**(34.8)**	(20.9)	**(34.8)**	(20.9)
Trade and other payables	**(107.6)**	(115.5)	**(107.6)**	(115.5)
Financial derivatives for which hedge accounting has been applied				
Derivative financial instruments	**1.8**	0.3	**1.8**	0.3
Financial derivatives for which hedge accounting has not been applied				
Derivative financial instruments	**–**	–	**–**	–

The fair values of the financial derivatives above are categorised within Level 2 of the fair value hierarchy on the basis that their fair value has been calculated by management using inputs that are observable in active markets that are related to the individual asset or liability. Included within trade and other payables is contingent consideration, which is categorised as Level 3 using inputs that are not based on observable market data.

Financial risk management

Activities related to financing, monitoring and managing the financial risks relating to the operations of the Group are co-ordinated centrally. These risks include market risk (interest rate risk, currency risk and commodity price risk), credit risk and liquidity risk.

The Group seeks to minimise these risks by using derivative financial instruments to hedge these risk exposures and external borrowings denominated in currencies that match the net asset currency profile of the Group. The Board reviews and agrees policies for managing these risks and they are summarised below. The Group also monitors the market price risk arising from all financial instruments. It is, and has been throughout the periods under review, the Group's policy that no trading in financial instruments shall be undertaken.

Market risk

The Group's activities expose it primarily to the financial risks of changes in interest rates, foreign currency exchange rates and copper commodity prices.

31. Financial instruments continued

Interest rate risk

The Group's interest rate risk arises principally from borrowings issued at variable rates which expose the Group to cash flow interest rate risk. The Group holds 10% cumulative preference shares with its associate, Kepler SignalTek Ltd. The following table sets out the carrying amount, by maturity, of the Group's financial instruments that are exposed to interest rate risk:

2023	**Within 1 year $'m**	**1–2 years $'m**	**2–3 years $'m**	**3–4 years $'m**	**4–5 years $'m**	**More than 5 years $'m**	**Total $'m**
Fixed rate							
Trade and other receivables	**1.7**	**–**	**–**	**–**	**–**	**–**	**1.7**
Bank loans and borrowings	**–**	**–**	**(50.0)**	**–**	**–**	**–**	**(50.0)**
Floating rate							
Cash assets	**22.5**	**–**	**–**	**–**	**–**	**–**	**22.5**
Bank loans and borrowings	**(1.8)**	**–**	**(41.5)**	**–**	**–**	**–**	**(43.3)**

2022	Within 1 year $'m	1–2 years $'m	2–3 years $'m	3–4 years $'m	4–5 years $'m	More than 5 years $'m	Total $'m
Fixed rate							
Trade and other receivables	2.0	–	–	–	–	–	2.0
Bank loans and borrowings	(1.1)	–	–	–	–	–	(1.1)
Floating rate							
Cash assets	29.1	–	–	–	–	–	29.1
Bank loans and borrowings	(3.9)	–	(100.7)	–	–	–	(104.6)

Interest rate and sensitivity

The Group manages its exposure to interest rate risk by maintaining an appropriate mix between fixed and floating rate borrowings. Hedging activities are evaluated regularly to align with interest rate views and defined risk appetite, ensuring the most cost-effective hedging strategies are applied.

Management regularly reviews the interest rate risk exposure. The Group is exposed to floating rate interest on its RCF borrowings at a margin of 2.1% (2022: 2.1%) above SOFR (2022: SOFR). In September 2022 an interest rate swap was entered into following market evaluation, which has enabled the Group to fix the interest rate paid on a notional value of $50m.

Had interest rates moved 1% in the period, and all other variables were held constant, including the impact of the interest rate swap, Group profit before tax would have moved by $0.8m (2022: $0.6m). A 1% interest rate sensitivity test has been performed since this represents the Directors' assessment of a reasonably possible change in interest rates.

Foreign currency risk

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the euro, Chinese renminbi and pound sterling. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities and net investments in foreign operations.

The Group has certain investments in foreign operations, whose net assets are exposed to foreign currency translation risk. The Group's policy is to hedge its related translation exposures through the designation of certain amounts of its foreign currency denominated debt as a hedging instrument.

31. Financial instruments continued

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

	Liabilities		Assets	
	2023 $'m	2022 $'m	**2023 $'m**	2022 $'m
USD	**136.3**	127.8	**93.0**	92.8
Euro	**25.5**	36.8	**35.6**	32.7
Chinese renminbi	**19.7**	24.6	**19.9**	15.9
Pound sterling	**4.5**	15.1	**6.3**	1.1
Indian rupee	**5.1**	6.4	**3.2**	6.9
Other	**9.8**	19.9	**11.5**	4.0

Foreign currency sensitivity

The following table details the Group's sensitivity to a 10% increase and decrease in US dollar against the relevant foreign currencies. The 10% rate used represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 10% change in foreign currency rates. The sensitivity analysis includes both external loans and loans to foreign operations within the Group where the denomination of the loan is in a currency other than the currency of the lender or the borrower. A 10% change in foreign exchange rate sensitivity test has been performed since this represents the Directors' assessment of a reasonably possible change in foreign exchange rates.

	Pound sterling impact		Euro impact		Chinese renminbi impact	
	2023 $'m	2022 $'m	**2023 $'m**	2022 $'m	**2023 $'m**	2022 $'m
10% depreciation of US dollar against foreign currency						
(i) Profit before tax	**(2.0)**	(0.1)	**(0.3)**	0.1	**(1.1)**	(1.2)
(ii) Equity*	**2.8**	(4.3)	**1.0**	(0.6)	**–**	–
10% appreciation of US dollar against foreign currency						
(i) Profit before tax	**1.6**	0.1	**0.2**	(0.1)	**1.0**	1.0
(ii) Equity*	**(2.3)**	3.5	**(0.8)**	0.5	**–**	–

i. The main exposure impacting profit before tax is on Pound sterling monetary liabilities in the Group at the reporting date.

ii. This is mainly attributable to changes in the carrying value of intercompany loans for which settlement is not planned and external borrowing designated as a hedging instrument.

* Excludes any deferred tax impact.

Notes to the Consolidated Financial Statements

31. Financial instruments continued

Copper commodity price risk

Copper price volatility is the single largest commodity price exposure facing the Group. Many of the Group's products, in particular power cords used to manufacture the Group's power products, are manufactured from components that contain significant amounts of copper. Where possible, the Group will pass on copper price movements to its customers. In order to mitigate the remaining volatility associated with copper, the Group has entered into arrangements with its key suppliers to purchase copper. Coupled with these purchases, the Group has entered into a number of contracts with financial institutions, which are linked to the average copper price as published by the London Metal Exchange ('LME'). These contracts have been deemed cash flow hedges of forecast future copper purchases. At the reporting date, the open copper contracts are as follows:

	2023		2022	
Copper cash flow hedges **Contracted copper price**	**Contracted volume (MT)**	**Fair value $'m**	Contracted volume (MT)	Fair value $'m
$7,000–$7,500	**125**	**0.1**	–	–
$7,500–$8,000	**40**	**–**	–	–
$8,000–$8,500	**392**	**–**	–	–
$8,500–$9,000	**–**	**–**	18	–
$9,000–$9,500	**100**	**–**	–	–
$9,500–$10,000	**–**	**–**	13	–
	657	**0.1**	31	–

All contracts expire within 12 months of 2 April 2023.

Liquidity risk

The Group manages liquidity risk by maintaining adequate banking facilities, regular monitoring of forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. Included in note 19 is a description of undrawn facilities as at the reporting date.

The following table analyses the Group's financial liabilities into relevant maturity groupings to show the timing of cash flows associated with the financial liabilities from the reporting date to the contracted maturity date. The amounts disclosed represent the contracted undiscounted cash flows (based on the earliest date on which the Group may be required to pay).

2023	**Carrying amount $'m**	**Contractual cash flows $'m**	**Within 1 year $'m**	**1–2 years $'m**	**2–5 years $'m**	**More than 5 years $'m**
Non-derivative financial liabilities						
Trade and other payables	**(107.6)**	**(107.6)**	**(107.1)**	**(0.3)**	**(0.1)**	**(0.1)**
Bank overdrafts and loans	**(91.4)**	**(93.3)**	**(1.8)**	**–**	**(91.5)**	**–**
Lease liabilities	**(34.8)**	**(37.6)**	**(16.7)**	**(6.6)**	**(10.8)**	**(3.5)**
Derivative financial liabilities						
Derivative financial instruments	**–**	**–**	**–**	**–**	**–**	**–**

2022	Carrying amount $'m	Contractual cash flows $'m	Within 1 year $'m	1–2 years $'m	2–5 years $'m	More than 5 years $'m
Non-derivative financial liabilities						
Trade and other payables	(115.5)	(115.5)	(115.3)	(0.2)	–	–
Bank overdrafts and loans	(103.5)	(105.7)	(5.0)	–	(100.7)	–
Lease liabilities	(20.9)	(24.2)	(4.7)	(11.9)	(3.5)	(4.1)
Derivative financial liabilities						
Derivative financial instruments	(0.1)	(0.1)	(0.1)	–	–	–

31. Financial instruments continued

Credit risk

The Group's principal financial assets are bank balances and cash, trade and other receivables. Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group.

Bank and cash balances comprise cash held by the Group and short-term bank deposits with an original maturity of three months or less. The carrying amount of these assets approximates to their fair value. The credit risk on these assets is limited because the counterparties are predominantly financial institutions with investment-grade credit ratings assigned by international credit rating agencies.

The Group's credit risk is, therefore, primarily attributable to its trade receivables. The Group's customers are predominantly large blue chip OEMs, contract equipment manufacturers and distributors. The Group regularly reviews the creditworthiness of significant customers and credit references are sought for major new customers where relevant. The Board recognises that credit risk is a feature of all businesses, especially international businesses. However, it believes that all reasonable steps to mitigate any loss are taken.

The net amount of trade receivables reflects the maximum credit exposure to the Group. No other guarantees or security have been given. For further information on the credit risk associated with trade and other receivables, see note 18.

32. Contingent liabilities

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

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

Where the Company enters into financial guarantee contracts to guarantee the indebtedness of other Group companies, the Company considers these to be insurance arrangements and treats the guarantee contract as a contingent liability until such time as it becomes probable that the Company will be required to make a payment under the guarantee. At the period end there were no outstanding guarantees (2022: none).

33. Related party transactions

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

The Group's other related party transactions were the remuneration of key management personnel (refer to note 9). Details of Directors' remuneration for the period are provided in the Remuneration Committee Report on page 108. As explained in note 16, the Group has a 27.4% interest in Kepler SignalTek Ltd, which is accounted for as an associate. The Group initially invested $2.0m ($1.7m preference shares and $0.3m equity investment). During the period, $0.35m of preference shares were repaid (2022: $0.03m). The Group accrued financial income of $0.2m on the preference shares (2022: $0.2m). In the prior period $0.25m of preference shares were converted into shares. The balance due from the associate as at the period end date was $1.7m (2022: $2.0m).

The Group also has a 43% interest in Volex-Jem Co. Ltd. The Group did not transact with the entity during the current or prior periods. The balance due to the associate as at the period end date was $0.1m (2022: $0.1m).

34. Events after the balance sheet date

There are no disclosable events after the balance sheet date.

Notes to the Consolidated Financial Statements

For the 52 weeks ended 2 April 2023 (52 weeks ended 3 April 2022)

35. Business combinations

Review Display Systems

On 28 October 2022 the Group completed the acquisition of 100% of the shareholding of GSRG Holdings Limited ('GSRG'), the holding company for Review Display Systems Limited ('RDS') and two other subsidiaries. RDS is a UK-based specialist distribution company focused on the design and manufacture of electronic touchscreen displays, embedded solutions and IoT solutions.

RDS and the other entities in the group were acquired for initial cash consideration of $5.5m funded from the Group's existing debt facilities. As part of the acquisition additional payments of up to $3.4m are payable depending upon the EBITDA performance of the business over the two years post-acquisition. In accordance with IFRS 3, this is accounted for as remuneration rather than deferred or contingent consideration due to the ongoing service conditions. An expense of $0.9m has been recorded in adjusting items related to this post-acquisition performance.

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

	Provisional Fair Value $'m
Identifiable intangible assets	1.8
Property, plant and equipment	0.1
Right-of-use asset	2.1
Inventories	2.0
Trade receivables	2.4
Trade payables	(0.5)
Other debtors and creditors	(1.0)
Loans	(0.7)
Provisions	(0.1)
Cash	0.4
Deferred taxes	(0.4)
Lease liabilities	(2.1)
Total identifiable assets	**4.0**
Goodwill	1.5
Consideration	**5.5**

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

In FY2023, the entities acquired contributed $5.7m to Group revenue and $0.6m to adjusted operating profit. Associated acquisition costs of $0.2m and intangible asset amortisation of $0.4m have both been expensed as adjusting items in the period.

If these entities had been acquired at the beginning of the year, they would have contributed revenues of $14.5m and operating profit of $1.9m to the results of the Group.

35. Business combinations continued

Net cash outflows in respect of acquisitions comprises:

Net cash outflow on acquisitions	$'m
Cash consideration	
– RDS	5.5
Total cash consideration	**5.5**
Less: cash and cash equivalents acquired	
– RDS	0.4
Net cash outflow	**5.1**
Payment of deferred and contingent consideration	
– DE-KA	1.0
– TC	1.1
– inYantra	5.0
Net cash outflow	**7.1**

Company Statement of Financial Position

As at 2 April 2023 (3 April 2022)

	Notes	Company 2023 £'m	2022 £'m
Non-current assets			
Other intangible assets		**0.1**	–
Right-of-use assets	4	**0.1**	0.1
Investments	5	**191.8**	191.3
Derivative financial instruments		**0.7**	–
Deferred tax asset	10	**10.2**	8.0
		202.9	199.4
Current assets			
Inventories	6	**4.5**	4.6
Trade receivables	7	**14.8**	9.6
Other receivables	7	**11.0**	16.2
Derivative financial instruments		**0.7**	0.3
Cash and bank balances		**0.1**	0.1
		31.1	30.8
Total assets		**234.0**	230.2
Current liabilities			
Borrowings		**1.7**	2.3
Trade payables	9	**0.3**	0.7
Other payables	9	**24.0**	23.0
Lease liability	4	**0.1**	0.1
Provisions	9	**–**	0.4
Derivative financial instruments		**–**	0.1
Retirement benefit obligation	11	**0.3**	0.8
		26.4	27.4
Net current assets		**4.7**	3.4
Non-current liabilities			
Borrowings	8	**72.5**	75.1
Other payables	9	**2.8**	2.8
Retirement benefit obligation	11	**–**	0.2
		75.3	78.1
Total liabilities		**101.7**	105.5
Net assets		**132.3**	124.7
Equity attributable to owners of the parent			
Share capital	13	**39.8**	39.7
Share premium account	13	**44.2**	44.3
Hedging and translation reserve		**(2.7)**	(3.4)
Merger reserve		**8.2**	8.2
Retained earnings		**42.8**	35.9
Total equity		**132.3**	124.7

The notes on pages 176 to 187 are an integral part of these financial statements. The profit after tax for the period of the Company amounted to £9.8m (2022: loss of £0.1m). The financial statements on pages 174 to 175 of Volex plc (company number: 158956) were approved by the Board of Directors and authorised for issue on 21 June 2023. They were signed on its behalf by:

Nathaniel Rothschild
Executive Chairman

Jon Boaden
Chief Financial Officer

Company Statement of Changes in Equity

For the 52 weeks ended 2 April 2023 (52 weeks ended 3 April 2022)

	Notes	Share capital £'m	Share premium account £'m	Hedging and translation reserve £'m	Merger reserve £'m	Retained earnings £'m	Total equity £'m
Balance at 5 April 2021		39.3	44.3	(3.3)	8.2	37.8	126.3
Loss for the period		–	–	–	–	(0.1)	(0.1)
Other comprehensive (expense)/income for the period		–	–	(0.1)	–	0.4	0.3
Total comprehensive (expense)/income for the period		–	–	(0.1)	–	0.3	0.2
Shares issued	13	0.4	–	–	–	(0.4)	–
Dividend paid	14	–	–	–	–	(5.3)	(5.3)
Credit to equity for equity-settled share-based payments		–	–	–	–	3.2	3.2
Tax effect of share options		–	–	–	–	0.3	0.3
Balance at 3 April 2022		39.7	44.3	(3.4)	8.2	35.9	124.7
Profit for the period		**–**	**–**	**–**	**–**	**9.8**	**9.8**
Other comprehensive income for the period		**–**	**–**	**0.7**	**–**	**–**	**0.7**
Total comprehensive income for the period		**–**	**–**	**0.7**	**–**	**9.8**	**10.5**
Dividend paid	14	**–**	**–**	**–**	**–**	**(5.9)**	**(5.9)**
Scrip dividend related share issue	14	**0.1**	**(0.1)**	**–**	**–**	**1.2**	**1.2**
Credit to equity for equity-settled share-based payments		**–**	**–**	**–**	**–**	**1.9**	**1.9**
Tax effect of share options		**–**	**–**	**–**	**–**	**(0.1)**	**(0.1)**
Balance at 2 April 2023		**39.8**	**44.2**	**(2.7)**	**8.2**	**42.8**	**132.3**

Notes to the Company Financial Statements

For the 52 weeks ended 2 April 2023 (52 weeks ended 3 April 2022)

1. General Information

Volex plc ('the Company') is a public company limited by shares domiciled and incorporated in the United Kingdom under the Companies Act 2006. Its shares are listed on AIM, a market on the London Stock Exchange. The address of the registered office is given on page 191.

The principal activities of the Company are the manufacture and sale of power and data cables, and to act as the ultimate holding company of the Volex Group.

2. Significant accounting policies

2.1 Basis of preparation

The significant accounting policies applied in the presentation of these individual financial statements are set out below. These policies have been applied consistently to all the periods presented, unless otherwise stated.

The parent company financial statements are presented in pound sterling, which is also the functional currency of the Company.

The separate financial statements of the Company are drawn up in accordance with the Companies Act 2006 and Financial Reporting Standard 101 'Reduced Disclosure Framework', ('FRS 101'). The Company will continue to prepare its financial statements in accordance with FRS 101 on an ongoing basis until such time as it notifies shareholders of any change to its chosen accounting framework.

The Company financial statements have been prepared using the historical cost convention, as modified by the revaluation of certain financial assets and financial liabilities and in accordance with the UK Companies Act 2006.

The following exemptions available under FRS 101 have been applied:

- Paragraphs 45(b) and 46 to 52 of IFRS 2, 'Share-based Payment' (details of the number and weighted-average exercise prices of share options, and how the fair value of goods or services received was determined);
- IFRS 7 'Financial Instruments: Disclosures';
- Paragraph 91 to 99 of IFRS 13, 'Fair value measurement' (disclosure of valuation techniques and inputs used for fair value measurement of assets and liabilities);
- Paragraph 38 of IAS 1 'Presentation of financial statements' comparative information requirements in respect of paragraph 79(a)(iv) of IAS 1;
- Paragraph 118(e) of IAS 38, 'Intangible assets' (reconciliations between the carrying amount at the beginning and end of the period).

The following paragraphs of IAS 1 'Presentation of financial statements':

  - 10(d) (statement of cash flows);
  - 16 (statement of compliance with all IFRS);
  - 38A (requirement for minimum of two primary statements, including cash flow statements);
  - 38B–D (additional comparative information);
  - 111 (cash flow statement information); and
  - 134–136 (capital management disclosures).

- IAS 7 'Statement of cash flows';
- Paragraph 30 and 31 of IAS 8 'Accounting policies, changes in accounting estimates and errors' (requirement for the disclosure of information when an entity has not applied a new IFRS that has been issued but is not yet effective);
- The requirements in IAS 24 'Related party disclosures' to disclose related party transactions entered into between two or more members of a group; and
- Paragraph 52, the second sentence of paragraph 89, and paragraphs 90, 91 and 93 of IFRS 16 Leases.

The Company has elected to take the exemption under section 408 of the Companies Act 2006 to not present the parent Company statement of comprehensive income (and separate income statement). The profit for the parent Company for the period was £9.8m (2022: loss of £0.1m).

There have been no new or amended accounting standards or interpretations adopted during the year that have a significant impact on the financial statements.

2.2 Going concern

The Company's financial statements have been prepared on the going concern basis, which contemplates the continuity of normal business activity and the realisation of assets and the settlement of liabilities in the normal course of business. Refer to note 2 of the Group financial statements on page 131 for further information on the going concern assessment.

2. Significant accounting policies continued

2.3 Revenue recognition

Revenue is recognised in accordance with the satisfaction of performance obligations of contracts. The majority of the Company's contracts have just one performance obligation, which is the delivery of goods, which under IFRS 15 'Revenue from contracts with customers' is recognised at a single point, on delivery or pick-up depending on the agreed terms with the customer.

This is normally when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services.

The Company has concluded that it is the principal in its revenue arrangements. Revenue is measured at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, net of discounts, VAT and other sales-related taxes. The Company's revenues are derived from Europe.

2.4 Business combinations

Acquisitions are accounted for using the acquisition method as described in the Group's business combinations accounting policy. This includes the determination of fair values for assets and liabilities acquired, including the separate identification of intangible assets, which use assumptions and estimates and are, therefore, subjective. The Group has developed a process to meet the requirements of IFRS 3, including the separate identification of customer relationship intangible assets based on estimated future performance and customer attrition rates. External valuation specialists are used where appropriate.

2.5 Investments

Investments are stated at cost and reviewed for impairment if there are indicators that the carrying value may not be recoverable. An impairment loss is recognised to the extent that the carrying amount cannot be recovered, either by selling the asset or by continuing to hold the asset and benefiting from the net present value of the future cash flows of the investment. Where subsidiary undertakings incur charges for share-based payments in respect of share options and awards granted by the Company, a capital contribution in the same amount is recognised as an investment in subsidiary undertakings with a corresponding credit to shareholders' equity.

2.6 Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any recognised impairment loss. Cost includes the original purchase price of the asset and any further costs attributable to bringing the asset to its working condition for its intended use.

Depreciation is recognised so as to write off the cost or valuation of assets (other than freehold land, which is not depreciated) less their residual values over their useful lives, using the straight-line method, on the following basis:

Freehold and long leasehold buildings	Up to 50 years or period of lease, if shorter
Plant and machinery	3 to 15 years

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. The gain or loss arising on the disposal of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in income.

2.7 Intangible assets – computer software and licences

Computer software is stated at cost less accumulated depreciation and any recognised impairment loss. Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and use the specific software. These costs are included in the statement of financial position within intangible assets and are amortised straight-line over their estimated useful lives of between three and five years. Costs associated with maintaining computer software are recognised as an expense as incurred.

2.8 Leases

Upon commencement of a lease, a right-of-use asset and corresponding liability are recognised. The liability is initially measured at the present value of the future lease payments for the lease term. The depreciation of the right-of-use asset and interest on the lease liability will be recognised in the income statement over the lease term. Leases with terms less than 12 months or deemed low value are not capitalised.

2.9 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using a standard cost methodology and adjusted for material variances such that the adjusted figure represents direct materials, direct labour and an attributable proportion of manufacturing overheads based on normal levels of activity. Net realisable value is based on estimated selling price, less all estimated costs of completion and costs to be incurred in marketing, selling and distribution. A provision is made for obsolete, slow moving or defective items where appropriate.

2.10 Trade and other receivables

For trade receivables, the Company applies the simplified approach permitted by IFRS 9, resulting in trade receivables recognised and carried at original invoice amount less an allowance for any uncollectible amounts based on expected credit losses. The Company assesses on a forward-looking basis the expected credit losses associated with its receivables carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

Notes to the Company Financial Statements

For the 52 weeks ended 2 April 2023 (52 weeks ended 3 April 2022)

2. Significant accounting policies continued

2.11 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks with original maturities of three months or less, and bank overdrafts. In the balance sheet, bank overdrafts are shown within borrowings in current liabilities. Where a cashpool facility is operated, the right-of-offset is considered.

2.12 Borrowings

Interest-bearing loans and overdrafts are recognised initially at fair value, net of transaction costs incurred. Subsequent to initial recognition, borrowings are measured at amortised cost, using the effective interest rate method.

2.13 Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2.14 Derivative financial instruments

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The resulting gain or loss is recognised in profit or loss immediately.

A derivative is classified as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and it is not expected to be realised or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

Further details of derivative financial instruments are disclosed in note 31 to the consolidated financial statements.

2.15 Taxation

The tax expense for the period comprises current and deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is recognised in other comprehensive income or directly in equity, respectively.

The tax currently payable is based on taxable profit for the period. Taxable profit differs from profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other periods and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates and laws that have been enacted or substantively enacted by the reporting date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit and is accounted for using the liability method.

Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary differences arise from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates and interests in joint ventures, except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised based on tax rates and laws that have been enacted or substantively enacted by the reporting date. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited in other comprehensive income, in which case the deferred tax is also dealt with in other comprehensive income.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

2.16 Share-based payment transactions

Certain senior employees within the Group (including Executives) receive remuneration in the form of share-based payment transactions where the individuals are compensated for services they provide with consideration in the form of equity instruments. The parent Company settles the award by delivering its own equity instruments to the employees of the subsidiary.

The cost of equity-settled transactions with employees is measured with reference to the fair value of the equity instrument at the date they are granted and for employees of the Company is recognised as an expense over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the employee becomes fully entitled to the award.

2. Significant accounting policies continued

No expense is recognised for awards that do not ultimately vest as a result of not meeting performance or service conditions. Where all service and performance vesting conditions have been met, the awards are treated as vesting, irrespective of whether or not the market condition is satisfied, as market conditions have been reflected in the fair value of the equity instruments.

The fair value determined at the date of grant of the equity-settled share-based payments is expensed to the income statement on a straight-line basis over the vesting period, based on the estimate of the number of options that will eventually vest. At each reporting date, the Group revises its estimate of the number of equity instruments expected to vest as a result of the effect of non-market-based vesting conditions. The movement in cumulative expense since the previous balance sheet date is recognised in the income statement, with a corresponding entry in equity.

The fair value of the Company's employee services received in exchange for the grant of the options is recognised as an expense. The fair value of share-based payments in respect of employees of Group subsidiaries is recharged to those subsidiary undertakings on exercise of the awards. In the Company financial statements the amount recoverable from subsidiaries is reported as a capital contribution increasing the Company's investment in the employing subsidiary. A credit is recognised directly in shareholders' funds for both Company and subsidiary employees.

2.17 Retirement benefits

The Company has both defined benefit and defined contribution retirement benefit schemes, the former of which is now closed to new entrants. The retirement benefit obligation recognised in the Company statement of financial position represents the deficit or surplus in the Company's defined benefit scheme. For defined benefit schemes, the cost of providing benefits is determined using the Projected Unit Credit Method, with actuarial valuations carried out at the end of each reporting period.

Defined benefit costs are split into three categories:

- Remeasurement;
- Net interest expense or income; and
- Past service cost and gains and losses on curtailments and settlements.

Remeasurement comprises actuarial gains and losses, the effect of the asset ceiling (where applicable) and the return on scheme assets (excluding interest). These costs are recognised immediately in the statement of financial position with a charge or credit to the statement of comprehensive income in the period in which they occur. Remeasurement recorded in the statement of comprehensive income is not recycled. Net interest is calculated by applying a discount rate to the net defined benefit liability or asset and is recognised within finance costs. As the defined benefit scheme is now closed, no service cost is incurred.

Payments to defined contribution retirement benefit schemes are recognised as an expense when employees have rendered service entitling them to the contributions.

2.18 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction from the proceeds, net of tax.

2.19 Merger reserve

The merger reserve was derived from acquisitions made under old UK GAAP prior to the transition to IFRS.

2.20 Dividend distribution

Dividend distributions to the Company's shareholders are recognised as a liability in the Company's financial statements in the period in which the dividends are approved by the Company's shareholders.

2.21 Critical accounting judgements and key sources of estimation uncertainty

The preparation of Company financial statements in conformity with FRS 101 requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the Company financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods. The key area of judgement that has the most significant effect on the amounts recognised in the financial statements is the review for impairment of the carrying amount of investments in the Company's subsidiaries.

Notes to the Company Financial Statements

For the 52 weeks ended 2 April 2023 (52 weeks ended 3 April 2022)

3. Staff costs

The average monthly number of employees (including Executive Directors) was:

	2023 Number	2022 Number
Sales and distribution	**3**	2
Administration	**17**	16
	20	18

Their aggregate remuneration comprised:

	2023 £'m	2022 £'m
Wages and salaries	**4.1**	3.0
Social security costs	**0.4**	0.3
Other pension costs (note 11)	**0.1**	0.1
	4.6	3.4

Directors' remuneration for the year totalled £1.5m (2022: £2.3m). The remuneration of the highest paid Director is £0.7m (2022: £1.3m). Employer contributions of £0.1m (2022: £0.1m) were made to defined contribution personal pension schemes in respect of the Directors. Further details of Directors' remuneration, share options, pension contributions, pension entitlements, fees for consulting services and interests for the period are provided in the Remuneration Committee Report on pages 98 to 113 and form part of the financial statements.

4. Right-of-use assets

This note provides information for leases where the Company is a lessee.

Amounts recognised in the balance sheet

The balance sheet shows the following amounts relating to leases:

	2 April 2023 £'m	3 April 2022 £'m
Right-of-use assets		
Vehicles	**0.1**	0.1
	0.1	0.1
Lease liability		
Current	**0.1**	0.1
Non-current	**–**	–

Additions during the period to the right-of-use assets were £0.03m (2022: £0.08m).

5. Investments

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

	Shares £'m	Loans £'m	Total £'m
Cost			
At 4 April 2021	136.8	28.2	165.0
Additions	7.8	39.3	47.1
Capital contribution	1.5	–	1.5
Repayment	–	(6.5)	(6.5)
Exchange differences	–	2.6	2.6
At 3 April 2022	**146.1**	**63.6**	**209.7**
Additions	10.0	17.0	27.0
Capital contribution	0.9	–	0.9
Repayment	(0.4)	(30.0)	(30.4)
Exchange differences	–	2.9	2.9
At 2 April 2023	**156.6**	**53.5**	**210.1**
Accumulated depreciation and impairment			
At 4 April 2021	12.5	4.8	17.3
Impairment	3.8	(3.8)	–
Exchange differences	–	1.1	1.1
At 3 April 2022	**16.3**	**2.1**	**18.4**
Exchange differences	–	(0.1)	(0.1)
At 2 April 2023	**16.3**	**2.0**	**18.3**
Carrying amount			
At 2 April 2023	**140.3**	**51.5**	**191.8**
At 3 April 2022	129.8	61.5	191.3
At 4 April 2021	124.3	23.4	147.7

In the United Kingdom, the Company includes two operational branches, Volex Powercords Europe and Volex Europe Cable Assemblies. Details of the Company's subsidiary undertakings are set out in note 17 'Related undertakings'. Investments in subsidiaries are all stated at cost less provision for impairment.

During the period, the Group subscribed to share capital in Volex Group Holdings Ltd (£10.0m) to support the subsidiary's acquisition of inYantra, which completed in March 2022.

During the prior period, the Group subscribed to share capital in Volex Group Holdings Ltd (£4.0m) and Volex Canada Inc ('Volex Canada') (£3.8m) to support the subsidiaries acquisitions of Prodamex and TC. The Company's previous investment and loans in Volex Canada were previously impaired. As such, upon subscription of the new shares the investment was immediately impaired with a corresponding reversal of the previously impaired loan balance.

The capital contribution of £0.9m (2022: £1.5m) is in respect of the fair value of equity-settled share-based payment transactions during the period with employees of Group subsidiary companies which will be recharged to the employing subsidiaries when the awards are exercised. A corresponding increase to shareholders' funds was recognised.

All loans are carried at amortised cost. Interest is charged at either a fixed rate or linked to a public indices. In the 52 weeks to 2 April 2023, the Company's loans receivable accrued interest. Repayments were received from Volex (Asia) Pte Ltd, Silcotec Europe Ltd, Volex Holdings Inc and Volex Inc during the period.

During the period, the Company received dividends totalling £2.3m (2022: £2.8m) from GTK (Holdco) Ltd.

Notes to the Company Financial Statements

For the 52 weeks ended 2 April 2023 (52 weeks ended 3 April 2022)

6. Inventories

	2023 £'m	2022 £'m
Finished goods	**4.5**	4.6
	4.5	4.6

7. Trade and other receivables

Trade receivables	2023 £'m	2022 £'m
Amounts receivable for the sale of goods	**14.9**	9.6
Loss allowance	**(0.1)**	–
	14.8	9.6
Other receivables		
Amounts due from Group undertakings	**10.4**	15.4
Other debtors	**0.1**	0.4
Prepayments	**0.5**	0.4
	11.0	16.2
Due for settlement within 12 months	**11.0**	16.2
Due for settlement after 12 months	**–**	–
	11.0	16.2

Amounts due from Group undertakings are unsecured, non-interest bearing and repayable on demand.

8. Borrowings and lease liability

	2023 £'m	2022 £'m
Secured borrowings at amortised cost		
Bank loans	**72.5**	75.1
Lease liability	**0.1**	0.1
Total borrowings at amortised cost	**72.6**	75.2
Amount due for settlement within 12 months	**0.1**	0.1
Amount due for settlement after 12 months	**72.5**	75.1
	72.6	75.2

At 2 April 2023, debt issue costs of £1.5m were included within the total bank loan balance shown above (2022: £1.7m). Full details of the bank loans are disclosed in note 19 'Borrowings and lease liabilities' of the consolidated financial statements.

9. Trade and other payables

	2023 £'m	2022 £'m
Trade payables	**0.3**	0.7
Other payables		
Amounts owed to Group undertakings	**17.3**	17.5
Other taxes and social security	**0.1**	0.3
Accruals and deferred income	**9.4**	8.0
	26.8	25.8
Due for settlement within 12 months	**24.0**	23.0
Due for settlement after 12 months	**2.8**	2.8
	26.8	25.8

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

Included in accruals and deferred income is £2.8m relating to contingent consideration for acquisitions. Included in accruals and deferred income in the prior period was £4.2m relating to deferred and contingent consideration for acquisitions.

10. Deferred tax

The following are the major deferred tax assets recognised by the Company and movements thereon during the reporting period.

	Trading losses £'m	Accelerated tax depreciation £'m	Other temporary differences[1] £'m	Share-based payments £'m	Total £'m
At 4 April 2021	3.9	0.6	0.5	1.0	6.0
Credit/(expense) to income statement	1.7	0.4	(0.1)	0.2	2.2
Expense directly to equity	–	–	–	(0.2)	(0.2)
At 3 April 2022	**5.6**	**1.0**	**0.4**	**1.0**	**8.0**
Credit/(expense) to income statement	**2.4**	**0.3**	**(0.3)**	**0.2**	**2.6**
Expense to other comprehensive income	**–**	**–**	**(0.2)**	**–**	**(0.2)**
Expense directly to equity	**–**	**–**	**–**	**(0.2)**	**(0.2)**
At 2 April 2023	**8.0**	**1.3**	**(0.1)**	**1.0**	**10.2**

1 Other temporary differences include deferred tax on financial instruments, pensions and short-term timing differences on provisions.

At the reporting date, the Company had unused tax losses of £32.0m (2022: £41.0m) available for offset against future profits. Of this amount, £10.1m (2022: £10.3m) are post-31 March 2017. The losses may be carried forward indefinitely.

The carrying amount of deferred tax assets is reviewed at each reporting date and recognised to the extent that it is probable that there are sufficient taxable profits to allow all or part to be recovered. Deferred tax assets have been recognised based on future forecast taxable profits.

On 3 March 2021 the UK Government announced changes to the UK corporate tax system and an increase in tax rate from the fiscal year 2023 to 25% from the currently enacted rate of 19%. This tax rate change was substantively enacted on 24 May 2021 and was, therefore, reflected in the closing deferred tax balances of the previous period, which resulted in an increase to the value of the deferred tax asset recorded in 2022. Deferred tax assets and liabilities are measured at the tax rate expected to apply in the period in which the asset is realised or the liability is settled.

11. Retirement benefit obligation

Defined benefit scheme

The Company operates a defined benefit pension arrangement called the Volex Executive Pension Scheme (the 'Scheme'). The Scheme provides benefits based on final salary and length of service upon retirement, leaving service or death.

The Scheme is subject to the Statutory Funding Objective under the Pensions Act 2004. A valuation of the Scheme is carried out at least once every three years to determine whether the Statutory Funding Objective is met. As part of the process the Company must agree with the Trustees of the Scheme the contributions to be paid to meet the Statutory Funding Objective. The future contributions required to meet the Statutory Funding Objective do not currently affect the balance sheet of the Scheme in these financial statements.

The most recent comprehensive actuarial valuation of the Scheme was carried out as at 31 July 2019. An actuarial valuation of the Scheme as at 31 July 2022 is currently in progress. In the event that the valuation reveals a larger deficit than expected the Company may be required to increase contributions above those set out in the existing Schedule of Contributions. Conversely, if the position is better than expected, it is possible that contributions may be reduced.

In accordance with the Schedule of Contributions dated September 2020, the Company has agreed to pay contributions of £0.8m p.a. (payable in quarterly instalments) until 30 September 2025.

Further details of the scheme and assumptions associated with the actuarial valuation are provided in note 30 to the Group financial statements.

Defined contribution scheme

The Company operates a Group personal pension plan for employees and pays contributions to administered pension insurance plans. Contributions to the defined contribution schemes are charged to the income statement as they fall due. The Group has no further obligations once the contributions have been made. The total cost charged to the Company's income statement in the period was £0.1m (2022: £0.1m).

12. Share-based payments

The Company currently uses a number of equity-settled share plans to grant options and shares to the Directors and employees of its subsidiaries. Full details of share-based payments, share option schemes and share plans are disclosed in note 29 'Share-based payments' to the consolidated financial statements.

Notes to the Company Financial Statements

For the 52 weeks ended 2 April 2023 (52 weeks ended 3 April 2022)

13. 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 2021	157,052,041	39.3	44.3	83.6
Issue of new shares	1,666,668	0.4	–	0.4
At 3 April 2022	158,718,709	39.7	44.3	84.0
Issue of new shares [(i)]	388,376	**0.1**	**(0.1)**	**–**
At 2 April 2023	**159,107,085**	**39.8**	**44.2**	**84.0**

(i) Shareholders were able to elect to receive ordinary shares in place of the final dividend of 2.4p per ordinary share (in relation to year ended 3 April 2022) and the interim dividend of 1.3p (in relation to the current year) under the terms of the Company's scrip dividend scheme. This resulted in the issue of 377,615 and 10,761 new fully paid ordinary shares respectively (2022: nil).

The holders of ordinary shares are entitled to receive dividends as declared and are entitled to one vote per share at meetings of the Company.

The Company does not have any authorised share capital.

During the prior period, the Company 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.

Under the FY2023 deferred share bonus plan, shares will be awarded to the executive management team in lieu of a cash bonus. These will be issued in accordance with the terms of the deferred share bonus plan.

14. Equity dividend

Dividends paid and received are included in the Company financial statements in the period in which the related dividends are actually paid or received or, in respect of the Company's final dividend for the period, approved by shareholders.

Dividends	**2023 Total £'m**	**Settled via scrip £'m**	**Dividend per ordinary share (p)**	2022 Total £'m	Settled via scrip £'m	Dividend per ordinary share (p)
Declared during the financial period:						
Final – period ended 3 April 2022	**3.8**	**1.2**	**2.4p**	–	–	–
Interim – period ended 2 April 2023	**2.1**	**–**	**1.3p**	–	–	–
Final – period ended 4 April 2021	**–**	**–**	**–**	3.4	–	2.2p
Interim – period ended 3 April 2022	**–**	**–**	**–**	1.9	–	1.2p
	5.9	**1.2**		5.3	–	–

The proposed final dividend of 2.6p per ordinary share based on the number of issued ordinary shares at 2 April 2023 is subject to approval by shareholders at the Annual General Meeting and has not been included as a liability in these financial statements. Based on shares in issue at 2 April 2023, this would equate to a final dividend of £4.1m.

The Group's consolidated reserves set out on page 129 do not reflect the profits available for distribution in the Group.

15. Other matters

The auditors' remuneration for the current period in respect of audit services was £0.5m (2022: £0.3m) and £nil for non-audit services performed (2022: £nil).

16. Related party transactions

For full details of transactions and arrangements with key management personnel (Directors of the Company), see note 9 of the consolidated financial statements.

17. Related undertakings

Volex Powercords Europe and Volex Europe Cable Assemblies are both trading divisions of Volex plc. In accordance with Section 409 of the Companies Act 2006, the subsidiaries owned at 2 April 2023 are disclosed below. Unless otherwise stated the following subsidiary entities are either wholly or partly owned directly by the plc and/or through other Group companies. For the two associates, ownership is shared between a local Volex subsidiary and the relevant partner.

Name of entity	Footnote	Country of incorporation	Address	Percentage owned by plc
Directly held				
Volex Pte Ltd	2	Singapore	37A Tampines Street 92, #08–01, Singapore 528886	100%
Volex Holdings Inc	2	USA	511 E San Ysidro Blvd # 509, San Ysidro CA 92173	100%
Terminal & Cable TC Inc	1	Canada	300 – 50 O'Connor Street, Ottawa ON K1P 6L2, Canada	100%
Volex Group Holdings Ltd	2	UK	Unit C1 Antura, Bond Close, Basingstoke, Hampshire, England, RG24 8PZ	100%
GTK (Holdco) Ltd	2	UK	Unit C2 Antura, Bond Close, Basingstoke, Hampshire, England, RG24 8PZ	100%
Volex Poland Sp z.o.o.	1	Poland	Podłuzna 11–13, 85–790, Bydgoszcz, Kuyavian–Pomeranian Voivodeship, Poland	99%
Volex Germany GmbH	3	Germany	Zu den Mühlen 19, 35390 Gießen, Deutschland	100%
Volex Sweden AB	3	Sweden	C/O Servando Bolag AB, Johan Fredrik Stahl, Box 5814, 102 48 Stockholm	100%
Volex International Korea LLC	3	South Korea	6th Floor, 100 Toegye-ro, Hoehyun-dong 2-ga, State Tower Namsan, Jung-gu, Seoul	100%
Volex do Brasil Ltda	3	Brazil	Rod. Geraldo Scavone 2.080, Unidade 13 A 16, Jacarei, 12305–490, Brazil	99%
Volex (No.4) Ltd	3	UK	Unit C1 Antura, Bond Close, Basingstoke, Hampshire, England, RG24 8PZ	99%
Volex (No.3) Ltd	3	UK	Unit C1 Antura, Bond Close, Basingstoke, Hampshire, England, RG24 8PZ	50%
Volex (No.2) Ltd	3	UK	Unit C1 Antura, Bond Close, Basingstoke, Hampshire, England, RG24 8PZ	50%
Volex (No.1) Ltd	3	UK	Unit C1 Antura, Bond Close, Basingstoke, Hampshire, England, RG24 8PZ	99%
Cable Products Ltd	3	UK	Unit C1 Antura, Bond Close, Basingstoke, Hampshire, England, RG24 8PZ	50%
Pencon Ltd	3	UK	Unit C1 Antura, Bond Close, Basingstoke, Hampshire, England, RG24 8PZ	50%
Volex Executive Pension Scheme Trustee Ltd	3	UK	Unit C1 Antura, Bond Close, Basingstoke, Hampshire, England, RG24 8PZ	67%
Volex Electrical Products Ltd	3	UK	Unit C1 Antura, Bond Close, Basingstoke, Hampshire, England, RG24 8PZ	90%
Volex Group Pension Scheme Trustee Ltd	3	UK	Unit C1 Antura, Bond Close, Basingstoke, Hampshire, England, RG24 8PZ	99%
Ward and Goldstone Ltd	3	UK	Unit C1 Antura, Bond Close, Basingstoke, Hampshire, England, RG24 8PZ	99%
Volex Interconnect Products Ltd	3	UK	Unit C1 Antura, Bond Close, Basingstoke, Hampshire, England, RG24 8PZ	99%
Volex Electronics Ltd	3	UK	Unit C1 Antura, Bond Close, Basingstoke, Hampshire, England, RG24 8PZ	99%
Ionix Development Company Ltd	3	UK	Unit C1 Antura, Bond Close, Basingstoke, Hampshire, England, RG24 8PZ	99%
Pendle Connectors Ltd	3	UK	Unit C1 Antura, Bond Close, Basingstoke, Hampshire, England, RG24 8PZ	99%
Mayor (UK) Ltd	3	UK	Unit C1 Antura, Bond Close, Basingstoke, Hampshire, England, RG24 8PZ	99%
Volex Interconnect Systems Ltd	3	UK	Unit C1 Antura, Bond Close, Basingstoke, Hampshire, England, RG24 8PZ	99%
Volex Europe (No.1) Ltd	3	Ireland	Carraroe Industrial Estate, Carraroe, Co Galway, H91WR82	100%

1 Manufacture and/or sale of power and data cables.
2 Holding company.
3 Dormant company.

Notes to the Company Financial Statements

For the 52 weeks ended 2 April 2023 (52 weeks ended 3 April 2022)

Name of entity	Footnote	Country of incorporation	Address	Percentage owned by Group companies
Indirectly held				
G.T.K. (U.K.) Ltd	1	UK	Unit C2 Antura, Bond Close, Basingstoke, Hampshire, England, RG24 8PZ	100%
GTK Ltd	3	UK	Unit C2 Antura, Bond Close, Basingstoke, Hampshire, England, RG24 8PZ	100%
GSRG Holdings Limited	2	UK	Unit C1 Antura, Bond Close, Basingstoke, Hampshire, England, RG24 8PZ	100%
Review Display Systems Limited	1	UK	Unit C1 Antura, Bond Close, Basingstoke, Hampshire, England, RG24 8PZ	100%
Review Display Systems Inc	1	US	790 N Milwaukee Street, Suite 321, Milwaukee WI 53202	100%
IQRF UK Limited	1	UK	Unit C1 Antura, Bond Close, Basingstoke, Hampshire, England, RG24 8PZ	100%
De-Ka Elektroteknik Sanayi ve Ticaret Anonim Şirketi	1	Turkey	Akse Mah. Fevzi Çakmak Cad. No: 140 Çayırova, Kocaeli	100%
Volex (No.5) Ltd	3	UK	Unit C1 Antura, Bond Close, Basingstoke, Hampshire, England, RG24 8PZ	100%
GTK Electronics GmbH	1	Germany	Romberg 25b, 51381 Leverkusen	100%
GTK RO S.r.l	1	Romania	Str. Fantana Popova, Nr. 36, Et.1, Cod Postal, 200319, Craiova, Dolj, Romania	100%
Silcotec Europe (SK) s.r.o	1	Slovakia	Družstevná 14, Komárno, 945 05, Slovakia	100%
Silcotec Europe Ltd	1	Ireland	Carraroe Industrial Estate, Carraroe, Co Galway, H91WR82	100%
Volex Inc	1	USA	511 E San Ysidro Blvd # 509, San Ysidro CA 92173	100%
MC Electronics LLC	1	USA	9571 Pan American Drive, El Paso, TX 79927	100%
Servatron Inc.	1	USA	12825 Mirabeau Parkway, Suite 104, Spokane Valley, WA 99216–1617	100%
Irvine Electronics LLC	1	USA	1601 Alton Parkway, Suite A, Irvine CA 92606	100%
Volex (Asia) Pte Ltd	1	Singapore	37A Tampines Street 92, #08–01, Singapore 528886	100%
PT Volex Indonesia	1	Indonesia	Kawasan Industri Sekupang, Batam, Kepulauan Riau, Indonesia 29428	100%
PT Volex Cable Assembly	3	Indonesia	EJIP Industrial Park, Plot 8M-1, A-B Lemahabang, Bekasi 17550, Jakarta	100%
Volex Cable Assemblies (Phils) Inc	1	Philippines	Galaxy Building km 60.7 Maharlika Highway, Sto Thomas Batangas	100%
Volex Japan KK	1	Japan	9th floor Kannai Tosei Building II, Sumiyoshi–cho 4–45–1, Naka–Ku, Yokohama–shi, Kangawa	100%
Volex (Taiwan) Co. Ltd	1	Taiwan	4F, No 1223, Zhongzheng Road, Taoyuan District, Taoyuan City 330, Taiwan	100%
Volex (Thailand) Co. Ltd	1	Thailand	No. 99/349, Chaengwattana Road, Thungsong–Hong, Laksi, Bangkok 10210, Thailand	100%
Volex Cable Assembly (Vietnam) Co Ltd	1	Vietnam	Plot D–5B, Thanglong Industrial Park, Vong La Commune, Dong Anh District, Hanoi, Vietnam	100%
Volex Cable Assemblies Sdn Bhd	1	Malaysia	B–03–13A, Empire Soho, Empire Subang, Jalan SS16/1, SS16, 47500, Subang Jaya, Selangor, Malaysia	100%
inYantra Technologies Pvt Ltd	1	India	GAT NO. 208-210, 221, 224 & Others, Shindewadi, Shirval – 412801	51%
Volex Interconnect (India) Pvt Ltd	1	India	Level 9, Olympia Teknos Park, No. 28 Sidco Industrial Estate, Guindy, Chennai, Tamil Nadu, IN 600 032	100%

Name of entity	Footnote	Country of incorporation	Address	Percentage owned by Group companies
Volex Cables (HK) Ltd	1	Hong Kong	Unit 5805, 58/F., Two International Finance Centre, 8 Finance Street, Central, Hong Kong	100%
Ta Hsing Industries Ltd	1	Hong Kong	Unit 5805, 58/F., Two International Finance Centre, 8 Finance Street, Central, Hong Kong	100%
Shenzhen Ta Hsing Wire and Cable Ltd	1	China	5 Horizontal Lane, Yuan Hu Road, Zhang Bei Community, Long Cheng Street, Long Gang District, Shenzhen City, Guang Dong	100%
Volex Interconnect Systems (Suzhou) Co. Ltd	1	China	Building 3, Fumin Phase 3, No.818 Wushong Road, Guoxiang Street, Wuzhong Economic Development Zone, Suzhou, Jiangsu Province 215124	100%
Volex Cable Assembly (Shenzhen) Co. Ltd	1	China	No. 6279, Longgang Avenue, Longgang District, Shenzhen City	100%
Volex Cable Assembly (Zhongshan) Co. Ltd	1	China	2 Xingda Street, Torch High–tech Ind Dvpt Zone, Zhongshan, 528437, China	100%
Prodamex SA de CV	1	Mexico	Carretera a Zacatecas Km 12.5 Nave 5, Parque Industrial Pueblo Viejo, Mexquitic de Carmona, SLP CP 78480, Mexico	100%
Volex de Mexico SA de CV	1	Mexico	Av 32 Sur, No 8950 Interior G/1,D,E,F, Parque Industrial La Mesa, Fraccionamiento Rubio, Tijuana; Baja California Mexico, CP 22116	100%
The Volex Group PLC Employees' Share Trust	4	Guernsey	St. Peter's House, Le Bordage, St. Peter Port, Guernsey, GY1 1BR	100%

Interests in associates

Kepler SignalTek Ltd	1	Hong Kong	Unit 912 9/F Two Harbourfront 22 Tak Fung Street Hunghom KL, Hong Kong	27%
Volex-Jem Co Ltd	2	Taiwan	19F.-13, No. 79, Sec. 1, Xintai 5th Rd., Xizhi Dist., New Taipei City 22101, Taiwan (R.O.C.)	43%

1 Manufacture and/or sale of power and data cables.

2 Holding company.

3 Dormant company.

4 Employees' Share Trust

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, which provides investors with information consistent to that used by management to evaluate performance of the Group.

Underlying operating profit and Underlying EBITDA

Underlying operating profit is defined as operating profit excluding adjusting items and share-based payments. Underlying EBITDA is defined as underlying operating profit adjusted for depreciation and amortisation. The Group uses Underlying operating profit and Underlying EBITDA to present meaningful year-on-year comparisons. The reconciliation between Operating profit and Underlying operating profit and Underlying EBITDA is presented in note 7.

Underlying basic earnings per share and underlying diluted earnings per share

Underlying basic earnings per share is defined as the profit attributable to the owners of the parent company excluding adjusting items divided by the weighted average number of share in issue during the year. Underlying diluted earnings per share adjusts the basic earnings per share by the effect of dilutive potential share options as at the period end date. Both metrics are reconciled to statutory measures in note 11.

Organic growth

Organic revenue growth is calculated using constant exchange rates by taking the total reported revenue (excluding the impact of acquisitions and disposals) divided by the preceding financial year's revenue at the current year's exchange rates.

Where the Group has undertaken eleven acquisitions in the past five years, management use organic revenue growth so that meaningful year-on-year comparisons can be made.

	Electric Vehicles $'m	**Consumer Electricals $'m**	**Medical $'m**	**Complex Industrial Technology $'m**	**Total $'m**
2022 revenue	**104.2**	**262.4**	**128.3**	**119.7**	**614.6**
FX impact	(0.1)	(10.8)	(7.7)	(2.1)	(20.7)
2022 revenue at 2023 FX rates	**104.1**	**251.6**	**120.6**	**117.6**	**593.9**
Organic growth	34.2	(8.1)	19.4	22.0	67.5
Organic growth %	*32.9%*	*(3.2)%*	*16.1%*	*18.7%*	*11.4%*
Acquisitions	–	18.3	5.0	38.1	61.4
2023 revenue	**138.3**	**261.8**	**145.0**	**177.7**	**722.8**

Covenant leverage

The Group has a $200m committed facility together with an additional $100m uncommitted accordion.

The terms of the RCF require the Group to perform quarterly financial covenant calculations with respect to leverage (net debt (before operating lease liabilities) to covenant EBITDA) and interest cover (covenant EBITDA to covenant interest). Breach of these covenants could result in cancellation of the facility. Net debt (before operating lease liabilities) in the financial statements is defined as net debt excluding lease liabilities but including pre-IFRS 16 finance leases. Covenant EBITDA is defined as underlying EBITDA adjusted for depreciation of right-of-use assets.

	Note	**2023 $'m**	2022 $'m
Net debt	27	**(103.7)**	(95.3)
Lease liabilities	27	**34.8**	20.9
Finance leases		**(7.5)**	–
Net debt (before operating lease liabilities)		**(76.4)**	(74.4)
Underlying EBITDA	7	**81.6**	66.1
Depreciation of right-of-use assets	7	**(4.8)**	(3.4)
Covenant EBITDA		**76.8**	62.7
Interest on bank overdrafts and loans	6	**6.4**	1.8
Interest on finance leases		**0.4**	–
Covenant interest		**6.8**	1.8
Leverage		**1.0x**	1.2x
Interest cover		**11.0**	34.8

Free cash flow and underlying free cash flow

Free cash flow is defined as the net cash flow before financing activities excluding the net outflow from the acquisition of subsidiaries.

Underlying free cash flow is defined as the free cash flow excluding non-recurring items.

Free cash flow and underlying free cash flow are used where they allow for comparative year-on-year comparisons to be made by excluding cost of acquisitions and adjusting items that vary year-to-year.

	Note	**2023 $'m**	2022 $'m
Cash flow before financing activities		**25.9**	(50.8)
Add back: Acquisition of businesses, net of cash acquired	35	**5.1**	35.7
Add back: Contingent consideration for businesses acquired	35	**7.1**	19.2
Free cash flow		**38.1**	4.1
Add back: Cash utilised in respect of adjusting items		**2.2**	2.0
Underlying free cash flow		**40.3**	6.1

Five Year Summary

Results	Unaudited IFRS 2023 $'m	Unaudited IFRS 2022 $'m	Unaudited IFRS 2021[1] $'m	Unaudited IFRS 2020 $'m	Unaudited IFRS 2019 $'m
Revenue – total Group	**722.8**	614.6	443.3	391.4	372.1
Gross profit – total Group	**157.0**	125.8	103.9	90.7	73.5
Operating expenses – total Group	**(103.2)**	(84.8)	(73.2)	(73.6)	(60.5)
Underlying operating profit[(i)] – total Group	**67.3**	56.2	42.9	31.6	21.6
Adjusting operating items	**(9.8)**	(10.8)	(5.6)	(5.8)	(6.2)
Share-based payment charge	**(3.7)**	(4.4)	(6.6)	(8.7)	(2.4)
Profit on ordinary activities before taxation	**45.8**	36.2	29.4	15.9	11.6
Depreciation and amortisation (excluding intangible assets acquired in a business combination)	**14.3**	9.9	7.9	6.5	3.8

	Cents	Cents	Cents	Cents	Cents
Basic underlying earnings per share – total Group[(ii)]	**30.2**	26.9	32.1	18.2	13.1
Basic earnings per share – total Group	**23.2**	19.3	25.5	9.9	6.9

Statement of financial position	$'m	$'m	$'m	$'m	$'m
Non-current assets	**238.6**	216.9	185.3	84.7	56.0
Net debt (before operating lease liabilities)[(iii)]	**(76.4)**	(74.4)	(7.3)	31.6	20.6
Other assets and liabilities	**63.0**	66.0	6.0	14.2	39.0
Net assets	**232.7**	208.5	184.0	130.5	115.6
Gearing	**30%**	36%	4%	–	–

(i) Defined as operating profit before adjusting items and share-based payments.
(ii) Defined as earnings per share before share-based payments and adjusting items, net of tax.
(iii) Following the adoption of IFRS 16 on 1 April 2019 this calculation excludes the lease liability.

Shareholder Information

Provisional Financial Calendar

FY2024

Interim Results announced w/c 13 November 2023
Period end 31 March 2024
Final Results announced w/c 17 June 2024

Registered Office and Advisers

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Bankers

HSBC Bank plc

Citibank, N.A. London branch

Barclays Bank plc

Fifth Third Bank, National Association

UniCredit Bank AG, London Branch

Nominated Adviser and Joint Broker

Peel Hunt LLP

Joint Broker

HSBC Bank plc

Solicitors

Travers Smith LLP

Shareholder Notes

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