26 June 2024

**Volex plc**

("Volex", the "Company", or the "Group")

**Preliminary Group Results**
**for the 52 weeks ended 31 March 2024**

***Record profits delivered; accelerating strategic investments in growth opportunities***

Volex plc (AIM: VLX), the specialist integrated manufacturer of critical power and data transmission products, announces its preliminary results for the 52 weeks ended 31 March 2024 ("FY2024").

| Financial Highlights | 52 weeks to 31 March 2024 | 52 weeks to 2 April 2023 | Year on year change |
|---|---|---|---|
| Revenue | **$912.8m** | $722.8m | **26.3%** |
| Underlying[1] operating profit | **$89.7m** | $67.3m | **33.3%** |
| Statutory operating profit | **$63.9m** | $53.8m | **18.8%** |
| Underlying[1] profit before tax | **$77.4m** | $59.3m | **30.5%** |
| Statutory profit before tax | **$51.6m** | $45.8m | **12.7%** |
| Underlying[1] basic earnings per share | **33.7c** | 30.2c | **11.6%** |
| Statutory basic earnings per share | **21.8c** | 23.2c | **(6.0%)** |
| Final dividend (per share) | **2.8p** | 2.6p | **7.7%** |
| Net debt[2] | **$154.0m** | $103.7m | **48.5%** |
| Net debt (before operating lease liabilities)[3] | **$121.1m** | $76.4m | **58.5%** |

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

[2] Represents cash and cash equivalents, less bank loans, debt issue costs and lease liabilities

[3] Represents net debt including finance leases, but excluding pre-IFRS16 operating lease liabilities (see note 15 for more details)

## Financial and strategic highlights

- Group revenue increased by 26.3% to $912.8m (FY2023: $722.8m) driven by strong organic growth of 6.9%, in spite of temporary headwinds caused by customer destocking
- Underlying operating margin increased by 50 bps to 9.8% (FY2023: 9.3%) comfortably within the target range of 9-10%
- Year-end net debt covenant leverage maintained at 1.0x with strong cash generation partly offsetting borrowings used to fund acquisitions

- Murat Ticaret Kablo Sanayi A.S. ("Murat Ticaret") acquired for total consideration of $196m, accelerating the five-year plan and facilitating launch of Off-Highway as fifth end-market to further diversify the business
- Further investment of $8m in increasing capacity and delivering major new customer programmes in key locations to support future growth
- Proposed final dividend of 2.8 pence per share, totalling 4.2 pence for the year, an increase of 7.7%
- Successful refinancing post year end providing $600m of long-term debt facilities on improved terms to support growth opportunities
- Continued progress made towards five-year strategic plan supported by customer-led investment programme and acquisitions

**Market highlights**

- Electric Vehicles – short-term customer destocking and prior year customer inventory building resulted in organic revenue reduction of 9.6%
- Consumer Electricals – organic revenue reduction of 7.6% resulting from supply chain normalisation in North America and Asian markets
- Medical – improved component availability has enabled customers to begin to address their substantial backlogs leading to organic revenue growth of 15.3%
- Complex Industrial Technology – organic revenue growth of 31.9% driven by expansion in data centre products
- Off-Highway – fifth end-market launched in the year, following the acquisition of Murat Ticaret

**Outlook**

- Continued success in securing new projects, highlighting our strong global capabilities and manufacturing footprint
- Improved demand from Electric Vehicles and Consumer Electricals customers toward year end, indicating reducing destocking impact.
- Identified opportunity to accelerate growth in Off-Highway sector; expediting launch of North American Off-Highway business
- Accelerating investment programme for long-term growth in FY2025, with capex expected to be about 5% of revenue and operational investments approximately doubling during the year
- Business in excellent shape entering FY2025, well-positioned to meet five-year plan targets

**Nat Rothschild, Volex's Executive Chairman said:**

"We have doubled our revenues in three years, while maintaining impressive operating margins within our target range of 9-10%. This demonstrates the success of our strategy to diversify our business, increasing the share of our sales involving complex products and managing costs effectively as we grow.

"The transformative acquisition of Murat Ticaret has further enhanced our capabilities and solidified our market position. Our strategic investments in FY2024 and those planned for FY2025 will expand capacity at key locations to meet anticipated future customer demand, positioning Volex for further growth by leveraging our dominant positions in attractive sectors. With leading positions in our end markets, strong cash flow and robust financial position, we are ideally positioned to capitalise on the significant growth opportunities available to us.

"Our acquisition pipeline remains promising, alongside incremental organic initiatives, underscoring our commitment to achieving our strategic goals. Having started the new fiscal year with strong customer demand, we are confident of making further progress in FY2025 and we are firmly on track to achieve our five-year revenue target of $1.2 billion by the end of FY2027."

**Dividend**

Subject to approval by shareholders at the upcoming AGM on 1 August 2024, the proposed final dividend of 2.8p per ordinary share will be paid on 30 August 2024 to shareholders on the register on 26 July 2024. The ex-dividend date will be 25 July 2024.

Shareholders may elect to receive the final dividend as shares in the Company, in lieu of cash, under the Volex plc Scrip Dividend Scheme. The reference price for the Scrip Dividend will be announced on 1 August 2024. Shareholders who wish to elect to receive the final dividend in shares must (i) complete a Scrip Dividend Mandate Form (available on the Company's website) and return it to Link Group, (ii) make a Scrip election online via www.signalshares.com, or (iii) submit a Dividend Election Input Message in CREST, in each case by no later than 5.00 p.m. on 8 August 2024. Those shareholders who have opted into a permanent scrip election by completing (and not cancelling) a Scrip Dividend Mandate Form either in hard copy or via www.signalshares.com do not need to complete a new mandate form for the final dividend. However, shareholders holding their shares in CREST need to make an election for each dividend and would need to submit a Dividend Election Input Message in respect of the final dividend. A copy of the terms and conditions for the Volex plc Scrip Dividend Scheme are available on the Company's website https://www.volex.com/wp-content/uploads/2022/07/Volex-Plc-Scrip-Dividend-Scheme-Terms-Conditions-Final.pdf.

**Analyst Briefing**

A live presentation for analysts will be held via conference call at 9.00 a.m. BST today. If you are an analyst and would like to join for this briefing, please contact Volex@powerscourt-group.com.

**Investor Presentation**

A live presentation will be held online at 10.00 a.m. BST on Friday 28 June 2024 on the Investor Meet Company ("IMC") platform.

The presentation is open to all existing and potential shareholders. Questions can be submitted pre-event on the IMC dashboard up until 9.00 am BST on the day before the meeting, or at any time during the live presentation.

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

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

Investors who already follow Volex on the IMC platform will automatically be invited.

For further information please contact:


| **Volex plc** | +44 7747 488785 |
| --- | --- |
| Nat Rothschild, Executive Chairman<br>Jon Boaden, Chief Financial Officer | investor.relations@volex.com |
| **Peel Hunt LLP – Nominated Adviser & Joint Broker** | +44 20 7418 8900 |
| Ed Allsopp<br>Dom Convey<br>Ben Harrington | |
| **HSBC Bank plc – Joint Broker** | +44 20 7991 8888 |
| Simon Alexander<br>Joe Weaving<br>Stephanie Cornish | |
| **Powerscourt – Media Enquiries** | +44 20 7250 1446 |
| James White<br>Nicholas Johnson | |


**About Volex plc**

Volex plc (AIM:VLX) is a driving force in integrated manufacturing for mission-critical applications and a global leader in power and data connectivity solutions. Our diverse operations support international blue-chip customers in five key sectors: Electric Vehicles, Consumer Electricals, Medical, Complex Industrial Technology and Off-Highway. Headquartered in the UK, we orchestrate operations across 28 advanced manufacturing facilities, uniting over 14,000 dynamic individuals from 25 different nations. Our extraordinary products find their way to market through our localised sales teams and authorised distributor partners, supporting Original Equipment Manufacturers and Electronic Manufacturing Services companies across the globe. In a world that grows more digitally complex by the day, customers trust us to deliver power and connectivity that drives everything from household essentials to life-saving medical equipment. Learn more at www.volex.com.

**Definitions**

The Group presents some significant items separately to provide clarity on the underlying performance of the business. This includes significant one-off costs such as acquisition related costs, the non-cash amortisation of intangible assets acquired as part of business combinations, and share-based payments. Further detail on adjusting items is provided in note 3.

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

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

Net debt (before operating lease liabilities) represents cash and cash equivalents, less bank loans, debt issue costs and finance leases, but excluding operating lease liabilities. The lease liabilities include $32.9 million of operating lease liabilities (FY2023: $27.3 million).

Covenant leverage is net debt (before operating lease liabilities) divided by underlying EBITDA adjusted for depreciation of right-of-use assets and pro-rated for acquisitions.

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.

Return on capital employed is calculated as the last twelve months underlying operating profit as a percentage of average net assets excluding net cash/debt.

**Forward looking statements**

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

## Executive Chairman's Statement

FY2024 was another year of significant progress for Volex. Despite headwinds from destocking, we increased revenue to $912.8 million, achieving organic growth of 6.9%, with strong half-on-half sequential growth of 30%. Overall, our business is delivering excellent performance, with strong profitability and cash generation. We now have a leading Off-Highway business, having completed the acquisition of Murat Ticaret in August 2023, further diversifying Group earnings. Delivering consecutive years of record results reaffirms our belief that our strategy is effective and validates our confidence in achieving the five-year plan.

We have doubled revenue in three years, with 40% of this growth from organic expansion. For the fourth consecutive year, we have achieved an underlying operating profit margin within our target range of 9% to 10%. This year, our underlying operating profit was $89.7 million, representing a margin of 9.8%, while underlying EBITDA reached $111.6 million, a 36.8% increase from the previous year. We ended the year with a strong balance sheet and covenant leverage of 1.0x, comfortably within our target range of 1.0x to 2.0x.

### Strong organic growth through cycle

FY2024 saw a marked improvement in component availability and supply chain reliability. Some customers rebuilt inventory, leading to increased demand. Others used this stability to normalise inventory levels. Effects varied across markets and customer sectors, but in aggregate we delivered robust organic revenue growth of 6.9%.

Against particularly strong comparatives for both Electric Vehicles and Consumer Electricals, revenues declined in FY2024 due to normalisation and destocking. However, both sectors showed signs of recovery in the second half of the year.

Sales to Medical and Complex Industrial Technology customers increased, driven by improved supply chain conditions, that enabled customers to expedite order backlogs. Additionally, there was a significant boost in sales of high-speed data centre cables, supported by growing demand as technology companies implement artificial intelligence infrastructure.

### Integration of Murat Ticaret and our Off-Highway strategy

The acquisition of Murat Ticaret completed at the end of August 2023 and significantly enhances our scale in the attractive Off-Highway market. We generated revenues of $163 million in this sector, producing complex wire harnesses for various applications, including agricultural and construction equipment, buses and coaches, and material handling machinery. This acquisition advances our strategy of providing specialised manufacturing solutions, driving profitable growth, and fostering deep, long-term relationships with our clients.

Integration is progressing well, as we enhance the organisation and embed our working methods and delivery approach. Customer engagement has been excellent, leading to securing several incremental projects and the identification of cross-selling opportunities.

Murat Ticaret is a fast-growing business and we are increasing factory capacity and optimising facilities. We have recruited a talented management team with international experience to support the continued success of the operations and to deliver the integration programme.

A recurring theme in feedback from Off-Highway customers is the desire for us to replicate the high-quality manufacturing services they receive in Europe within the North American market. We are building a team and accelerating our investment in infrastructure to make this happen.

**Investing for growth**

The complex assemblies and critical components we manufacture are essential to customers' operations. Recent supply chain disruptions have fundamentally reshaped procurement thinking and sourcing strategies. Many customers want to simplify their supply networks, reduce complexity, minimise risk and promote sustainability. This is an unprecedented opportunity to support our customers' localisation initiatives. We are, therefore, actively expanding our manufacturing footprint.

We have significant strength in strategic locations, such as Mexico and Türkiye, which bring manufacturing closer to our clients in the US and Europe. Additionally, we offer extensive capabilities in highly competitive regions, like Indonesia and India.

Relocating production can be challenging and our experienced teams are well-versed in managing such transitions. It is crucial for us to have available capacity that aligns with our customers' project timelines. Consequently, by the end of the summer, we will have added incremental capacity in Mexico, Türkiye, India, Indonesia and Poland. Although this will incur some short-term additional costs, as these sites become operational with customer projects, we anticipate enhanced profitability from these locations over the longer term.

We are disciplined with our returns criteria for capital investment projects and target cash payback within two years of production going live. This industry-leading return enables us to consistently maintain a return on capital employed of over 20%.

**Enhancing our organisation**

The majority of our products are highly complex, some with hundreds of individual components. To meet the highest quality standards in delivering these critical assemblies, we implement rigorous quality assurance measures and innovative production techniques. Consequently, we employ highly skilled engineers and manufacturing specialists. Over the past year, we have recruited additional experts and invested in enhancing our capabilities in automation and efficient manufacturing.

Our decentralised operating model continues to provide the quick decision-making and flexibility necessary for managing our diverse and complex business. In recent years, we have enhanced this model with regional leadership teams that bring significant manufacturing experience. These teams provide support and governance to the management in our manufacturing facilities. This year, we established a regional leadership team for Türkiye, underscoring the importance of this region to our growth plans.

**Sustainability**

Our Group is deeply committed to sustainability, integrating it into every aspect of our operations. We collaborate with customers, many of whom are at the forefront of the transition to a low-carbon economy, to provide sustainable power products and connectivity solutions. This approach leverages data-driven insights from our Sustainability Reporting System to prioritise improvements and maximise the benefits we can achieve through our sustainability initiatives.

Since FY2022, we have aligned our sustainability efforts with the UN's Sustainable Development Goals, implementing new environmental management and responsible water use policies. The Group aims to decarbonise its scope 1 and 2 emissions by 2035 and its scope 3 emissions by 2050.

Every production facility contributes to sustainability through tailored kaizen improvement plans, leading to innovations in energy efficiency, waste reduction, and environmental protection. Significant achievements include a 28% reduction in carbon intensity since FY2019, expansion of on-site solar generation and a commitment to reducing water and waste.

Our sustainability strategy also involves addressing scope 3 emissions and enhancing the supply chain's sustainability. The Group has updated its Supplier Code of Conduct and is developing a sustainable procurement policy to further its environmental goals. Overall, we are dedicated to building a sustainable future through continuous improvement and strategic initiatives.

**Board changes**

In October 2023, Dean Moore stepped down from the Board after six and a half years, during which he served as the Chair of the Audit Committee and our Senior Non-Executive Director. We extend our gratitude to Dean for his support and guidance during this period.

We welcomed John Wilson to the Board in October. John brings a strong background in the technology, components, and connectivity solutions sectors, including his current role as CEO of Bulgin Limited, a leading global manufacturer of sealed connectors and components. John has assumed the role of Chair of the Audit Committee. At the same time, Sir Peter Westmacott was appointed as our Senior Non-Executive Director.

**Dividend**

Having achieved another year of robust growth and maintaining a strong balance sheet, the Board is pleased to propose a final dividend of 2.8 pence per share. Combined with the interim dividend of 1.4 pence, this totals 4.2 pence for the year, marking a 7.7% increase from the previous year. The Board believes this dividend level is both appropriate and sustainable, reflecting our confidence in the Company's ongoing ability to deliver consistent growth.

**Outlook**

The improvement in demand from our Electric Vehicles and Consumer Electricals customers towards the end of FY2024 and the beginning of FY2025 is encouraging, indicating a reduction in the impact of destocking in these areas. The significant growth in Medical and Complex Industrial Technology included some one-off catch-up due to better component availability, which is not expected to repeat in FY2025. However, we continue to secure new projects in these sectors, demonstrating how our global capabilities and manufacturing footprint support our growth objectives.

There is a significant opportunity to accelerate our growth in the Off-Highway sector outside of existing geographies served by the Group. Based on customer feedback and requests, we are therefore expediting our plans to launch an Off-Highway business in North America. This initiative will underpin our growth strategy in this sector.

With a clear strategy and execution plan for each of our markets, we are accelerating our investment programme to achieve long-term growth. This includes broadly doubling operational investments and raising capital expenditure to around 5% of revenue for the next year. We enter FY2025 with the

business in excellent shape, positioning us to meet our five-year plan targets and deliver sustained growth and value for shareholders.

## Review of FY2024 performance

| | 2024 | | | 2023 | | |
|---|---|---|---|---|---|---|
| | **Before adjusting items and share-based payments $m** | **Adjusting items and share-based payments $m** | **Total $m** | Before adjusting items and share-based payments $m | Adjusting items and share-based payments $m | Total $m |
| **Revenue** | | | | | | |
| North America | 372.3 | - | 372.3 | 339.8 | - | 339.8 |
| Asia | 185.1 | - | 185.1 | 171.4 | - | 171.4 |
| Europe | 355.4 | - | 355.4 | 211.6 | - | 211.6 |
| | **912.8** | **-** | **912.8** | **722.8** | **-** | **722.8** |
| Cost of sales | (710.0) | - | (710.0) | (565.8) | - | (565.8) |
| Gross profit | 202.8 | - | 202.8 | 157.0 | - | 157.0 |
| Operating expenses | (113.1) | (25.8) | (138.9) | (89.7) | (13.5) | (103.2) |
| **Operating profit** | 89.7 | (25.8) | 63.9 | 67.3 | (13.5) | 53.8 |
| Share of net profit from associates | 3.2 | - | 3.2 | 1.1 | - | 1.1 |
| Finance income | 1.3 | - | 1.3 | 0.4 | - | 0.4 |
| Finance costs | (16.8) | - | (16.8) | (9.5) | - | (9.5) |
| Profit before taxation | 77.4 | (25.8) | 51.6 | 59.3 | (13.5) | 45.8 |
| Taxation | (15.9) | 4.5 | (11.4) | (10.7) | 2.3 | (8.4) |
| **Profit after tax** | **61.5** | **(21.3)** | **40.2** | **48.6** | **(11.2)** | **37.4** |

The Group has achieved strong results, showing good revenue growth and increased profitability, and is on track with its five-year plan. The acquisition of Murat Ticaret has improved both revenue and profitability and has expanded our presence into a fifth end-market sector, speeding up our diversification. Our operations across varied end-markets have made our business resilient, allowing us to deliver strong financial performance even in varied market conditions.

Over the past year, supply chains continued to normalise and the lead time variability experienced in the prior periods reduced. This has resulted in two contrasting market dynamics. In our high complexity areas, component availability improved enabling our customers to address significant backlogs that had accumulated. Conversely, in the higher volume parts of our business, the more stable supply chain conditions allowed customers to reduce their inventory levels.

### Trading performance overview

The Group generated revenue of $912.8 million (FY2023: $722.8 million), an increase of 26.3% compared to the previous year. This included organic revenue growth of 6.9% and $142.9 million contribution from acquisitions, being principally the recently acquired Murat Ticaret business, in addition to the full-year effect of our FY2023 acquisition.

Customers with complex requirements accelerated demand thanks to better availability of components, with organic revenue growth of 15% in Medical and 32% in Complex Industrial

Technology. Supply chain improvements and stability allowed other customers to reduce buffer stocks. This effect was seen in Electric Vehicles, where there was an organic revenue reduction of 10% and in Consumer Electricals, where the reduction was 8%. Underlying operating profit increased by 33% to $89.7 million (FY2023: $67.3 million), primarily due to the acquisition of Murat Ticaret. Statutory operating profit also rose to $63.9 million (FY2023: $53.8 million) and included adjusting items and share-based payments of $25.8 million (FY2023: $13.5 million).

The Group's underlying operating margin was 9.8%, an improvement of 50 basis points, driven by higher volumes, stringent cost controls, vertical integration efficiencies, sales mix and the acquisition of Murat Ticaret. This improvement, achieved despite macroeconomic challenges and inflationary pressures, demonstrates the resilience and agility of our business. Additionally, we have continued to invest in expanding the capacity of the business to support future growth.

Strong free cash flow generation and an equity raise earlier in the year supported capital investment, dividend payments and acquisitions spend of approximately $177 million. Consequently, net debt (before operating leases) was $121.1 million at 31 March 2024 (2 April 2023: $76.4 million), excluding $32.9 million (2 April 2023: $27.3 million) of operating lease liabilities. The covenant net debt to adjusted EBITDA ratio was 1.0 times (FY2023: 1.0 times) giving the Group significant headroom.

**Impact of the macroeconomic backdrop**

Volex remains well positioned to navigate the challenges of a dynamic macro-environment. This strength is supported by our diverse markets, extensive capabilities and global manufacturing footprint. These core strengths have been essential to our continued strong progress, enabling us to overcome disruptions to global supply chains, as well as the challenges posed by Covid-19 and the war in Ukraine.

Although inflation rates remain elevated in many parts of the world compared to the previous decade, they have moderated from the previous year. Our well-defined and transparent process for managing inflation is well understood by our customers. For power cord customers, where copper is a significant part of our bill of materials, contracts allow for the pass-through of cost changes to the customer, although there can be a short time lag in implementing price changes. Other price inflation is addressed through price discussions with customers, which occur on a regular basis, such as quarterly, or on an ad hoc basis as necessitated by changes in costs.

Supply chains continued to improve, allowing some customers to accelerate production to address backlogs, while others optimised inventory levels and reduced buffer stock. The normalisation of supply chain conditions also allowed the Group to improve working capital, resulting in a net cash inflow for the year.

**Revenue by reportable segment**

Volex partners with a wide range of global blue-chip businesses. Supporting our customers is integral to our business model, and our global footprint allows us to achieve this effectively. Customers increasingly require manufacturing in multiple locations to mitigate the risk of supply chain disruption from any single country and to align production closer to where the final product is manufactured. Our regional operational focus supports these needs and we, therefore, analyse our customer revenue

geographically. Revenue is allocated based on where the customer relationship is managed, reflecting our customer-centric approach.

North America

North America represents our largest customer segment, where we collaborate with some of the region's major technology companies and global innovators. This segment comprises 40.8% of Group revenue (FY2023: 47.0%). Revenue grew by 9.6% to $372.3 million (FY2023: $339.8 million). This reflects some of the strong organic growth we experienced with our Medical customers and within Data Centres, supplemented by the contributions from the Murat Ticaret North American customers. Offsetting these are the reduction in revenue levels within the Electric Vehicles and Consumer Electricals end-markets as customers rationalised inventory levels.

Asia

Asia constitutes 20.3% of Group revenue (FY2023: 23.7%). Asia revenue increased by 8.0% to $185.1 million (FY2023: $171.4 million). The increase is largely because of the growth from inYantra, which is exposed to the rapidly expanding Indian market. However, this positive trend was somewhat mitigated by the normalisation seen in the Consumer Electricals end-market.

Europe

Europe now accounts for 38.9% of Group revenue (FY2023: 29.3%). Revenue in Europe increased by 68.0% to $355.4 million (FY2023: $211.6 million) principally due to the acquisition of Murat Ticaret. Additionally, strong organic growth from our Medical customers and the annualised impact of the FY2023 acquisition of RDS contributed to the year-on-year revenue increase.

**Revenue by customer sector**

Electric Vehicles

Revenues in Electric Vehicles were lower year-on-year against a particularly strong comparative. In FY2023, customers built up buffer stocks to mitigate the impact of variable lead times. In FY2024, our customers were able to reduce their inventory as lead times normalised, resulting in a reduction in demand. Organic revenue from our Electric Vehicles customers decreased year-on-year by 10% to $123.7 million (FY2023: $138.3 million), but still 19% higher than FY2022, illustrating sustained growth over the longer-term.

The electric vehicle industry is set for continued growth as consumer adoption increases, supported by government legislation. Volex, with its market-leading position and strong reputation as an innovative manufacturer in this sector, is well-positioned to capitalise on this growth. Leveraging our extensive experience with EV charging technology, we have expanded our product offering to support faster AC charging and out-of-home charging solutions, aiming to broaden our customer base. To maintain our competitive edge as one of the industry's lowest-cost producers, we continue to invest in new product development, enhance vertical integration, and refine our manufacturing processes. This is important as the competitive landscape intensifies.

Consumer Electricals

Improvements in supply chains allowed our Consumer Electricals customers to reduce buffer stock levels in the year. Consequently, revenue reduced in FY2024 to $235.3 million (FY2023 restated: $259.6 million). The previous year's revenue has been restated to move $2.2 million revenue to the newly launched Off-Highway end-market. On an organic basis, revenue for this sector declined by 8%. Two of the most substantial components in our power cords, copper and PVC, were, on average, at a lower price during the year compared to the prior year, allowing us to pass on cost savings to customers which in turn contributed to part of the revenue reduction.

The ability to deliver a truly global solution to supply high-quality power cords in every major market is a key reason why Volex is a critical supplier to many household name Consumer Electricals brands. With proven expertise in wire harness manufacturing, we are receiving an excellent response as we look to expand in this area. Our relatively low levels of penetration for domestic appliance harnesses offer a strong opportunity for expansion. This is combined with a focus on cross-selling, capitalising on our widespread manufacturing capabilities, supporting sustained growth and customer retention in a dynamic market environment.

Medical

Sales to Medical customers were exceptionally strong this year, benefiting significantly from the supply chain normalisation. This improvement enabled our customers to acquire components that were previously in short supply and address pent-up demand. Medical revenues were up 15% on an organic basis to $177.5 million (FY2023: $145.0 million). Additionally, this sector benefited from a full year of RDS revenues, following its acquisition part-way through FY2023.

The medical products we manufacture are complex, with precisely specified bills-of-materials, making production dependent on the availability of specialist components. Some of the catch-up that occurred in FY2024 as supply chain conditions improved is not expected to repeat in FY2025, potentially leading to slightly reduced or broadly flat demand levels in the near term. The mid-to-long-term growth prospects for this sector are supported by an ageing population and advances in medical technology.

Complex Industrial Technology

Revenue from Complex Industrial Technology increased organically by 32% to $213.4 million (FY2023 restated: $157.7 million), bolstered by the full-year effect of RDS which was acquired in FY2023. The previous year's revenue has been restated to move $20.0 million revenue to the newly launched Off-Highway end-market. Excluding Data Centre customers, revenues within this sector remained broadly flat on an organic basis. Component availability has improved in FY2024 as supply chain pressures eased; this could lead to temporarily lower growth in the short term as customers are able to reduce stock levels.

Data Centre customers are reported within Complex Industrial Technology and represented 41.7% (FY2023: 21.2%) of revenue in this sector. The revenue in this sub-sector increased by 131% year-on-year, partly due to prior year shortages of up-to-date network equipment essential to support the adoption of 400 Gigabit-per-second architecture in data centres. As these shortages abated towards

the end of FY2023 and throughout FY2024, demand levels accelerated as customers addressed their backlogs. In addition, the expansion of data-intensive artificial intelligence applications increased demand from Data Centre customers.

Off-Highway

Following the acquisition of Murat Ticaret, we established Off-Highway as a distinct fifth end-market sector. Previously, our sales to Off-Highway customers from our sites in North America and Asia were reported under Consumer Electricals and Complex Industrial Technology. We have now restated these figures to reflect the FY2023 Off-Highway comparator of $22.2 million. Revenues increased to $162.9 million in FY2024, with $132.4 million as a result of seven months contribution from the acquisition of Murat Ticaret.

There are significant cross-selling opportunities within this end-market particularly in the highly fragmented US market. Medium-term growth is supported by factors such as increasing urbanisation, advances in agricultural technology and the accelerating trend towards environmentally friendly and sustainable products. Our global footprint and advanced manufacturing assets position us well to capitalise on these trends and expand our presence in this sector.

**Realising our strategy**

Five key pillars encompass our strategy: product development; revenue growth; operational excellence; investment and acquisition; and talent.

We are committed to developing the right products and capabilities to become the manufacturing partner of choice for our customers. Through research and development, we have expanded our product offering, collaborating with our customers to understand their specific requirements.

Our customers are central to our operations. We excel in delivering outstanding quality and service by maintaining regular, transparent communication and continuously striving to add value.

To consistently meet these high standards, we closely monitor our manufacturing facilities and processes, identifying ways to improve and to increase efficiency and quality. Our continued investment in vertical integration gives us greater control over the supply chain and protects margins. The customer service we provide drives organic revenue growth as customers are onboarded and increase our allocation of their products.

Investments and acquisitions remain a cornerstone of our strategic plan. Our investments are tactically selected to enhance capacity and capabilities, led by the customer and generally approved based on a two-year payback period. We are constantly evaluating potential acquisition targets, or building relationships with businesses that show strategic alignment, but are not yet available for sale. Since FY2019, we have successfully invested nearly $400 million on 12 strategic acquisitions, which has contributed to expanding our product offering, improving our international manufacturing footprint and boosting earnings and margin.

All of which requires great people. We continue to strengthen the organisation by bringing in talented leaders, in addition to creating development opportunities for existing employees. Effective communication is critical, and we use diverse channels to drive employee engagement.

**Creating value through organic investment**

Investing in our business is a crucial component of our strategy, delivering excellent returns with projects typically recouping costs within two years. Building on our strong track record of creating value, we focus on growth areas while adhering to stringent financial criteria. Our investments not only maintain and enhance our assets but also respond to increased customer demands and support the development of new products, paving the way for future expansion.

In response to increasing customer demand, the Group invested in the further expansion of its global manufacturing base, creating additional capacity to facilitate growth as part of the Group's five-year growth plans. Total gross capital investment increased to $31.6 million (FY2023: $27.0 million), representing 3.5% of revenue (FY2023: 3.7% of revenue). The prior year expenditure included $8.7m of assets which were purchased under lease agreements. As well as expanding capacity to support future growth, investment was concentrated on high-growth areas, including EV and data centre capabilities. The investment strategy continues to be shaped by customer demand, localisation requirements and capability enhancements.

In FY2024, we made $8 million of operational investments to support growth. These investments include additional operating costs to enhance our operational capacity, expand our market presence, and drive innovation. This also encompasses increased depreciation expenses from additional capital investments and costs associated with scaling our organisation and manufacturing footprint, such as recruiting additional sales and engineering staff. These targeted expenditures are essential for scaling up our operations and positioning us for long-term success.

We also continued to invest in expanding our research and development activities, including the recruitment of additional specialists to advance our product development programmes. We expect to continue to enhance our research and development teams through FY2025, ensuring sustained innovation.

**Creating value through acquisitions**

The successful acquisition and integration of high-quality businesses remains a pivotal part of our growth strategy. Our typical acquisition target is a well-managed company in a sector where we have a deep understanding. We favour businesses with blue-chip, long-term customers and good operational capabilities. This approach enables us to maximise cross-selling opportunities and synergies. Targets requiring significant integration or restructuring effort are only contemplated when we can identify the right management resources to lead this activity.

Our acquisition process is thorough; we explore both off-market deals and formal sales processes, with each potential acquisition being rigorously assessed by our investment committee before we advance 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 there is 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.

Since 2018, we have acquired 12 businesses, refining our expertise in seamlessly integrating new operations. Our integration strategies are tailored for each acquisition, concentrating on cost synergies and cross-selling opportunities while ensuring the new business fits within our regional structure.

Acquisitions remain a high priority and we will continue to actively pursue opportunities, at different stages of qualification. We maintain a strong balance sheet, good access to funding and significant undrawn facilities. The completion of any acquisition is dependent on the business meeting our stringent requirements following thorough due diligence and negotiations.

In FY2024, we successfully completed the acquisition of Murat Ticaret for total consideration of up to $196m including potential earn-outs of up to $46 million over two years, subject to the business achieving certain performance conditions. This acquisition was completed at an enterprise value to EBITDA multiple of 5.3 times, assuming the earn-out payments are paid in full. This demonstrates our continued ability to acquire quality businesses at attractive valuations. Murat Ticaret contributed revenues of $132.4 million to the Group in FY2024.

Headquartered in Türkiye, Murat Ticaret is a leading manufacturer of complex wire harnesses for specialist applications, with a significant global presence, including nine manufacturing sites across three continents. This acquisition is our largest to date and instantly scales our capabilities in the Off-Highway sector, marking it as our fifth end-market and further diversifying our portfolio. Murat Ticaret also brings a diverse customer base of blue-chip manufacturers, with products complementary to the rest of the Volex Group. This provides the ability to market the full range of Volex production capabilities to the acquired customer base. Additionally, there is potential to leverage our existing footprint to expand operations in North America's fragmented Off-Highway market. Integration efforts commenced immediately post-acquisition and are progressing well, with promising customer engagement and several exciting cross-selling opportunities, for which we are developing targeted strategies.

**Sustainability**

We have continued to progress in enhancing the sustainability of our operations, recognising its importance to our business, customers, employees, the communities we operate in and our shareholders. During the year, we have implemented new policies on environmental management and responsible water use and have improved our ratings with both CDP and Ecovadis disclosure platforms. Our commitment to sustainability is embedded in our operational practices through a kaizen-based framework, which drives continuous improvement activities across all our factories. This ensures that each facility identifies and reports on key initiatives that contribute to both operational excellence and sustainability.

With the integration of our Murat Ticaret acquisition progressing well, we are enhancing performance across many aspects of sustainability. This progress will allow us to review our net zero ambitions and solidify our action plans aimed at progressively decarbonising our operations, thereby reinforcing our commitment to long-term environmental stewardship.

**Chief Financial Officer's Review**

| | **52 weeks to 31 March 2024** | | 52 weeks to 2 April 2023 | |
|---|---|---|---|---|
| | **Revenue $'000** | **Profit/(loss) $'000** | Revenue $'000 | Profit/(loss) $'000 |
| North America | 372.3 | 32.8 | 339.8 | 30.9 |
| Asia | 185.1 | 13.9 | 171.4 | 12.5 |
| Europe | 355.4 | 52.9 | 211.6 | 31.5 |
| Unallocated Central costs | - | (9.9) | - | (7.6) |
| Divisional results before share-based payments and adjusting items | **912.8** | **89.7** | **722.8** | **67.3** |
| Adjusting operating items | | (19.5) | | (9.8) |
| Share-based payment charge | | (6.3) | | (3.7) |
| Operating profit | | 63.9 | | 53.8 |
| Share of net profit from associates | | 3.2 | | 1.1 |
| Finance income | | 1.3 | | 0.4 |
| Finance costs | | (16.8) | | (9.5) |
| Profit before taxation | | 51.6 | | 45.8 |
| Taxation | | (11.4) | | (8.4) |
| Profit after taxation | | **40.2** | | **37.4** |

| | | |
|---|---|---|
| Basic Earnings per share: | | |
| Statutory | 21.8 cents | 23.2 cents |
| Underlying* | 33.7 cents | 30.2 cents |

* Before adjusting items and share-based payments charge, net of tax.

**Statutory results**

Revenue of $912.8 million (FY2023: $722.8 million) represents year-on-year growth of 26.3%. Statutory operating profit increased by $10.1 million to $63.9 million (FY2023: $53.8 million) which is an increase of 18.8% compared to the prior year. Net finance costs were $15.5 million (FY2023: $9.1 million), resulting in a profit before tax of $51.6 million (FY2023: $45.8 million) which is an increase of 12.7%. There was a tax charge for the year of $11.4 million (FY2023: $8.4 million). Basic earnings per share were 21.8 cents (FY2023: 23.2 cents), a decrease of 6.0%.

**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 on note 15. Underlying earnings measures exclude the impact of adjusting items and share-based payments, with further detail regarding the adjustments shown in note 3 in the notes to the financial statements. The Board and management team make use of alternative performance measures because they believe they provide additional information on the underlying performance of the business and help to make meaningful year-on-year comparisons.

**Group revenue**

Group revenue increased by 26.3% to $912.8 million (FY2023: $722.8 million) driven by strong organic growth from customer demand, project wins with both new and existing customers, and the

contribution from acquisitions. Sales in currencies other than US dollars resulted in an adverse year-on-year foreign exchange impact on revenue of $2.3 million. Group organic revenue growth was 6.9%.

Organic revenue from the Electric Vehicles sector decreased by 9.6% to $123.7 million (FY2023: $138.3 million), mainly due to customers reducing buffer stock levels built up in FY2023 following supply chain stabilisation. Sales in the Consumer Electricals sector fell to $235.3 million in FY2024 (FY2023 restated: $259.6 million), with an organic decline of 7.6%, primarily because of consumer demand normalising and customers working through excess inventory levels. Medical revenues increased by 15.3% on an organic basis to $177.5 million (FY2023: $145.0 million). Revenue from Complex Industrial Technology rose to $213.4 million (FY2023 restated: $157.7 million), marking a 31.9% increase on an organic basis. Excluding data centre customers, revenues were broadly flat on an organic basis. Data Centre revenues reached $88.8 million (FY2023: $37.7 million), reflecting a 135.5% growth driven by improved availability of semiconductors and the transition to the latest architecture supporting demand from artificial intelligence applications. In FY2024, with the completion of the Murat Ticaret acquisition, we achieved immediate scale in the Off-Highway sector and revenues previously reported in other sectors were reallocated to Off-Highway. FY2024 Off-Highway revenues were $162.9 million (FY2023 restated: $22.2 million), a 39.9% increase on an organic basis.

**Gross margin**

The Group's gross margin increased to 22.2% from 21.7% in FY2023. This improvement was partly due to the continued deflation in the cost of key raw materials, such as PVC and copper. Most of our contracts with power cord customers allow us to pass on changes in raw material costs, affecting the gross margin percentage. While most raw material purchases are denominated in US dollars, other costs, such as labour, are paid in local currencies. Variability in certain key currencies had a beneficial impact of approximately 0.1%.

**Operating profit**

Underlying operating profit increased 33.3% to $89.7 million (FY2023: $67.3 million). This was favourably impacted by foreign exchange benefit on retranslation of operating expenses, the strong organic growth, cost optimisation and contribution from Murat Ticaret, which was acquired in mid-FY2024. The ratio of underlying operating expenses to revenue was consistent with the previous year, at 12.4%, and there continues to be a strong focus on cost control and continuous improvement activities. Statutory operating profit increased by 18.8% to $63.9 million (FY2023: $53.8 million), also reflecting the factors above.

The Group's underlying operating margin was maintained within the stated range of 9% to 10% at 9.8%, which was 50bps better than the 9.3% achieved in FY2023. Despite continuing headwinds from commodity and labour inflation, operating margin benefitted from acquisitions blending up the margins, vertical integration, efficiency improvement plans and cost control. 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 $3.8 million (FY2023: $1.3 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. Acquisition costs were higher, reflecting the extensive due diligence and other advisory fees in respect of the acquisition of Murat Ticaret.

Amortisation of acquired intangibles increased to $13.4 million (FY2023: $8.9 million) due to the additional intangible assets identified as part of the Murat Ticaret acquisition.

The charge recognised through the income statement for share-based payment awards comprises $5.5 million (FY2023: $4.6 million) in respect of senior management, $nil (FY2023: $0.9 million credit where awards lapsed in the year) in respect of acquisitions and $0.8 million (FY2023: $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 $15.5 million (FY2023: $9.1 million) mainly due to the additional utilisation of the revolving credit facility following the acquisition of Murat Ticaret at the end of August. The financing element for leases for the year was $2.7 million (FY2023: $1.7 million). The Group recognises interest income of $nil (FY2023: $0.2 million) in relation to accrued interest receivable on the 10% preference shares issued by our associate, Kepler SignalTek.

**Taxation**

The Group's income tax expense for the period was $11.4m (FY2023: $8.4m), representing an effective tax rate ('ETR') of 22.1% (FY2023: 18.3%). The tax expense and ETR is higher than for the prior year due to the favourable impact of the full recognition of deferred tax assets in FY2023 in a major jurisdiction, as required by International Financial Reporting Standards. The assets 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 impact of deferred tax asset recognition on underlying profit after tax was $0.7 million (FY2023: $5.8 million). 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 underlying ETR (representing the income tax expense on profit before tax, adjusting items and share-based payments) was 20.5% (FY2023: 18.0%). The impact of tax incentives and favourable tax rate regimes contributed a 4.4% (FY2023: 1.5%) benefit to underlying ETR. This is primarily due to higher levels of R&D activity around the Group that qualify for R&D-related incentives and the 5% (FY2023: 1%) corporate income tax rate reduction in Türkiye for profits attributable to export activities combined with the acquisition of Murat Ticaret. The net favourable impact on the underlying ETR from judgements over deferred tax asset recognition across multiple territories was lower at 0.5% for the year (FY2023: 7.1%) with the significant reduction due to the full recognition of deferred tax assets in FY2023 in a major jurisdiction.

FY2024 saw the introduction of inflation accounting for tax purposes in Türkiye which helped to mitigate the volatility in the underlying ETR caused by continuing high levels of inflation and currency devaluation, which across all territories was a net favourable 0.1% impact (FY2023: 3.2% adverse). Although the conditions of the relevant taxation law have been met, on 30 April 2024 the Turkish Ministry of Finance announced the postponement of the inflation adjustment for the first fiscal quarter of 2024. It is understood that this is to make things administratively easier for taxpayers, and inflation adjustments will be made again from the second fiscal quarter 2024 onwards, but if inflation adjustments for calendar year 2024 were to be cancelled permanently by a future law change it could have a significant adverse impact on the Group's underlying ETR during FY2025.

Cash tax paid during the period was $14.9 million (FY2023: $7.9 million), representing an underlying cash ETR of 19.3% (FY2023: 13.3%). The increase was mainly caused by the acquisition of Murat Ticaret and the timing of tax payments in Türkiye, as well as the exhaustion of tax losses in a major overseas jurisdiction leading to cash tax becoming payable.

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 31 March 2024, the Group has net current tax liabilities of $16.5 million (FY2023: $13.7 million) which include $10.8 million (FY2023: $10.4 million) of provisions for tax uncertainties. There is a further $1.1 million (FY2023: $nil) of accrued interest relating to these amounts recognised in other payables.

**Earnings per share**

Underlying diluted earnings per share increased 14.6% to 33.0 cents (FY2023: 28.8 cents). Basic earnings per share decreased to 21.8 cents (FY2023: 23.2 cents).

The weighted average number of shares in the year was 179.9 million (FY2023: 158.7 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. In addition, foreign exchange losses from retranslation of balance sheet items and the timing between recognition and settlement of certain financial assets for the period were $2.3 million (FY2023: $0.6 million gain).

**Cash flow**

Operating cash flow before movements in working capital was $102.7 million (FY2023: $78.4 million). While benefiting from the strong operating performance, operating cash flow reflects the increased investment in the business. In addition, there was a small favourable working capital movement of $1.9 million, which compares to a $8.6 million adverse movement in FY2023. The reasons for the working capital movement are set out below:

- An increase in inventory to support growth leading to a cash outflow of $5.6 million (FY2023: $0.2 million cash outflow). Supply chain lead times have stabilised and incidences of component shortages have decreased compared to FY2023, resulting in a stabilised level of inventory. Inventories have increased where required due to growth in our operations and new customer projects;
- An increase in receivables leading to a cash outflow of $17.4 million (FY2023: $15.4 million cash outflow) with the increase reflecting growth of the business;
- An inflow related to payables of $24.9 million (FY2023: $7.0 million cash inflow). This was due to the growth in the business and successfully negotiated improved terms with a number of suppliers; and
- The acquisition Murat Ticaret, which is a more working capital-intensive business, has reduced working capital inflows.

Total gross capital expenditure increased to $31.6 million from $27.0 million in FY2023. In the prior year, 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 Suzhou, China; Bydgoszcz, Poland; Tijuana, Mexico; 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 high-growth sectors.

Free cash flow was $49.8 million (FY2023: $38.1 million). Free cash flow represents net cash flows before financing activities excluding the net outflow from the acquisition of subsidiaries.

Net financing inflows were $95.5 million (FY2023: outflows $31.4 million), mainly from increased borrowings and issuing new shares to part-fund the acquisition of Murat Ticaret. This also included dividend payments of $6.7 million (FY2023: $5.7 million).

Total cash expenditure on acquisitions (net of cash acquired) was $138.8 million (FY2023: $12.2 million), including $2.2 million (FY2023: $7.1 million) in respect of contingent consideration and $2.3 million (FY2023: $nil) in respect of purchase of shares of associates.

The Group is expecting to make payments of $21.6 million in FY2025 in relation to contingent consideration for acquisitions made in FY2024 and previous years.

The cash outflow associated with the settlement of awards under share-based payment arrangements was $9.3 million (FY2023: $7.2 million). New shares were issued in the year providing an inflow of $72.3 million (FY2023: $nil).

**Net debt and gearing**

At 31 March 2024, the Group's net debt (before operating lease liabilities) was $121.1 million and $154.0 million including operating lease liabilities. At 2 April 2023, net debt (before operating lease liabilities) was $76.4 million and $103.7 million including operating lease liabilities.

At 31 March 2024, the Group's covenant leverage was 1.0 times (2 April 2023: 1.0 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, capital expenditure 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 2.8 pence per share (FY2023: 2.6 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 $6.4 million, assuming no take-up of the scrip dividend.

Together with an interim dividend of 1.4 pence per share paid in December 2023, this equates to a full year dividend of 4.2 pence per share (FY2023: 3.9 pence per share), an increase of 7.7%. If approved, the final dividend will be paid on 25 August 2024 to all shareholders on the register at 21 July 2024. The ex-dividend date will be 20 July 2024.

**Banking facilities, covenants and going concern**

As at the FY2024 year end, the Group banking facilities remained at $300 million, which are due to expire in February 2026. The facility comprises a $165 million revolving credit facility, a $75 million term loan and an additional $60 million uncommitted accordion. During FY2023, the first of two options to extend for an additional year was taken.

As at 31 March 2024, drawings under the facility were $143.6 million (FY2023: $91.5 million) with $nil drawn under the cash pool (FY2023: $nil).

At the year end, the covenant leverage was 1.0x and covenant interest cover was 10.3 times, well within the covenant terms of less than 2.75x and greater than 3.0 times respectively.

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 2025, which is based on the FY2025 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 of the Group. The Directors have considered the potential impact of climate-related physical and transition risks as part of 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 the last 20 years,

and still provides significant covenant and liquidity headroom. Subsequent to the year end, the Group has taken advantage of favourable conditions to increase and extend its credit facilities, thereby further enhancing covenant compliance and liquidity headroom.

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.

In June 2024, the Group completed a refinancing of its banking facilities, with an eight-bank club. An enlarged $600 million facility replaced the Group's existing $300 million multicurrency revolving credit facility. The new facility has an initial four-year term, with an extension option for one additional year. It comprises a $400 million revolving credit facility and an additional $200 million uncommitted accordion. The new facility is unsecured, with improved interest margins and an improved net debt to underlying EBITDA covenant, providing additional headroom in comparison to the previous facility, affording greater flexibility to undertake organic and inorganic investment to support growth. The key terms of the facility are:

- Available until June 2028 with the option to extend for one further year;
- No scheduled amortisation or security; and
- Interest cover and net debt to underlying EBITDA leverage covenants.

**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 a three-year period.

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 most 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 (which has been identified by the Group 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 31 March 2024, a financial asset of $nil (FY2023: $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 $0.1 million has been recognised in cost of sales for FY2023 (FY2023: $0.3 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 31 March 2024 was $7.1 million (FY2023: $2.6 million deficit). The increase in the pension deficit of $4.5 million is mainly due to the acquisition of Murat Ticaret during the year.

**Consolidated Income Statement**

For the 52 weeks ended 31 March 2024 (52 weeks ended 2 April 2023)

| | | | | **2024** | | | 2023 |
|---|---|---|---|---|---|---|---|
| | Notes | **Before adjusting items and share-based payments $'m** | **Adjusting items and share-based payments (Note 3) $'m** | **Total $'m** | Before adjusting items and share-based payments $'m | Adjusting items and share-based payments (Note 3) $'m | Total $'m |
| **Revenue** | 2 | **912.8** | **–** | **912.8** | 722.8 | – | 722.8 |
| Cost of sales | | **(710.0)** | **–** | **(710.0)** | (565.8) | – | (565.8) |
| Gross profit | | **202.8** | **–** | **202.8** | 157.0 | – | 157.0 |
| Operating expenses | | **(113.1)** | **(25.8)** | **(138.9)** | (89.7) | (13.5) | (103.2) |
| **Operating profit** | 2 | **89.7** | **(25.8)** | **63.9** | 67.3 | (13.5) | 53.8 |
| Share of net profit from associates | | **3.2** | **–** | **3.2** | 1.1 | – | 1.1 |
| Finance income | | **1.3** | **–** | **1.3** | 0.4 | – | 0.4 |
| Finance costs | | **(16.8)** | **–** | **(16.8)** | (9.5) | – | (9.5) |
| Profit before taxation | | **77.4** | **(25.8)** | **51.6** | 59.3 | (13.5) | 45.8 |
| Taxation | 4 | **(15.9)** | **4.5** | **(11.4)** | (10.7) | 2.3 | (8.4) |
| **Profit for the period** | | **61.5** | **(21.3)** | **40.2** | 48.6 | (11.2) | 37.4 |
| **Profit is attributable to:** | | | | | | | |
| Owners of the parent | | **60.5** | **(21.2)** | **39.3** | 48.0 | (11.2) | 36.8 |
| Non-controlling interests | | **1.0** | **(0.1)** | **0.9** | 0.6 | – | 0.6 |
| | | **61.5** | **(21.3)** | **40.2** | 48.6 | (11.2) | 37.4 |
| **Earnings per share (cents)** | | | | | | | |
| Basic | 5 | **33.7** | | **21.8** | 30.2 | | 23.2 |
| Diluted | 5 | **33.0** | | **21.4** | 28.8 | | 22.1 |

**Consolidated Statement of Comprehensive Income**

For the 52 weeks ended 31 March 2024 (52 weeks ended 2 April 2023)

| | **2024** | 2023 |
|---|---|---|
| | **$'m** | $'m |
| **Profit for the period** | **40.2** | 37.4 |
| | | |
| **Items that will not be reclassified subsequently to profit or loss** | | |
| Actuarial loss on defined benefit pension schemes | **(0.2)** | (0.5) |
| Tax relating to items that will not be reclassified | **0.1** | 0.1 |
| | **(0.1)** | (0.4) |
| **Items that may be reclassified subsequently to profit or loss** | | |
| Gain arising on cash flow hedges during the period | **0.1** | 1.4 |
| Exchange gain/(loss) on translation of foreign operations | **0.7** | (7.0) |
| Tax (charge)/credit relating to items that may be reclassified | **(0.2)** | 0.2 |
| | **0.6** | (5.4) |
| | | |
| **Other comprehensive expense for the period** | **0.5** | (5.8) |
| | | |
| **Total comprehensive income for the period attributable to:** | | |
| **Owners of the parent** | **39.9** | 31.6 |
| **Non-controlling interests** | **0.8** | – |
| | **40.7** | 31.6 |

**Consolidated Statement of Financial Position**

| As at 31 March 2024 (2 April 2023) | Notes | **2024**<br>**$'m** | 2023<br>$'m |
|---|---|---|---|
| **Non-current assets** | | | |
| Goodwill | | **121.4** | 82.3 |
| Other intangible assets | | **131.7** | 41.8 |
| Property, plant and equipment | | **91.8** | 50.1 |
| Right-of-use assets | | **38.4** | 34.5 |
| Interests in associates | | **8.1** | 2.6 |
| Other receivables | | **2.0** | 1.8 |
| Derivative financial instruments | | **1.5** | 0.9 |
| Retirement benefit asset | | **0.4** | – |
| Deferred tax assets | | **25.9** | 24.6 |
| | | **421.2** | 238.6 |
| **Current assets** | | | |
| Inventories | | **174.3** | 120.5 |
| Trade receivables | | **187.6** | 136.2 |
| Other receivables | | **23.4** | 15.7 |
| Current tax assets | | **1.8** | 0.8 |
| Derivative financial instruments | | **1.0** | 0.9 |
| Cash and bank balances | 8 | **29.8** | 22.5 |
| | | **417.9** | 296.6 |
| **Total assets** | | **839.1** | 535.2 |
| **Current liabilities** | | | |
| Borrowings | 8 | **3.3** | 1.8 |
| Lease liabilities | 8 | **21.3** | 15.6 |
| Trade payables | | **133.1** | 84.4 |
| Other payables | | **101.4** | 65.2 |
| Current tax liabilities | | **18.3** | 14.5 |
| Retirement benefit obligations | | **–** | 0.3 |
| Provisions | 9 | **2.9** | 0.9 |
| Derivative financial instruments | | **0.4** | – |
| | | **280.7** | 182.7 |
| **Net current assets** | | **137.2** | 113.9 |
| **Non-current liabilities** | | | |
| Borrowings | 8 | **143.1** | 89.6 |
| Lease liabilities | 8 | **16.1** | 19.2 |
| Other payables | | **26.9** | 1.4 |
| Deferred tax liabilities | | **28.2** | 6.9 |
| Retirement benefit obligations | | **7.5** | 2.3 |
| Provisions | 9 | **1.0** | 0.4 |
| | | **222.8** | 119.8 |
| **Total liabilities** | | **503.5** | 302.5 |
| **Net assets** | | **335.6** | 232.7 |
| **Equity** | | | |
| Share capital | 11 | **69.6** | 62.7 |
| Share premium account | 11 | **62.0** | 60.7 |
| Non-distributable reserve | 12 | **2.5** | 2.5 |
| Hedging and translation reserve | | **(13.9)** | (14.6) |
| Own shares | 12 | **(4.3)** | (1.0) |
| Retained earnings | | **211.3** | 115.0 |
| **Total attributable to owners of the parent** | | **327.2** | 225.3 |
| Non-controlling interests | | **8.4** | 7.4 |
| **Total equity** | | **335.6** | 232.7 |

**Consolidated Statement of Changes in Equity**

For the 52 weeks ended 31 March 2024 (52 weeks ended 2 April 2023)

| | Share capital | Share premium account | Non-distributable reserves | Hedging and translation reserve | Own shares | Retained earnings | Equity attributable to owners | Non-controlling interests | Total equity |
|---|---|---|---|---|---|---|---|---|---|
| | $'m | $'m | $'m | $'m | $'m | $'m | $'m | $'m | $'m |
| **Balance at 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 | – | – | – | – | 4.2 | (4.2) | – | – | – |
| Own shares purchased in the period | – | – | – | – | (5.0) | – | (5.0) | – | (5.0) |
| Dividend paid | – | – | – | – | – | (7.1) | (7.1) | – | (7.1) |
| Scrip dividend related share issue | 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** |
| Profit for the period | **–** | **–** | **–** | **–** | **–** | **39.3** | **39.3** | **0.9** | **40.2** |
| Other comprehensive income/(expense) for the period | **–** | **–** | **–** | **0.7** | **–** | **(0.1)** | **0.6** | **(0.1)** | **0.5** |
| Total comprehensive income for the period | **–** | **–** | **–** | **0.7** | **–** | **39.2** | **39.9** | **0.8** | **40.7** |
| Equity raise | **6.7** | **1.5** | **–** | **–** | **–** | **64.1** | **72.3** | **–** | **72.3** |
| Business combination | **–** | **–** | **–** | **–** | **–** | **–** | **–** | **0.2** | **0.2** |
| Own shares sold/(utilised) in the period | **–** | **–** | **–** | **–** | **5.8** | **(5.8)** | **–** | **–** | **–** |
| Own shares purchased in the period | **–** | **–** | **–** | **–** | **(9.1)** | **–** | **(9.1)** | **–** | **(9.1)** |
| Dividend paid | **–** | **–** | **–** | **–** | **–** | **(9.3)** | **(9.3)** | **–** | **(9.3)** |
| Scrip dividend related share issue | **0.2** | **(0.2)** | **–** | **–** | **–** | **2.6** | **2.6** | **–** | **2.6** |
| Credit to equity for equity-settled share-based payments | **–** | **–** | **–** | **–** | **–** | **4.7** | **4.7** | **–** | **4.7** |
| Tax effect of share options | **–** | **–** | **–** | **–** | **–** | **0.8** | **0.8** | **–** | **0.8** |
| **Balance at 31 March 2024** | **69.6** | **62.0** | **2.5** | **(13.9)** | **(4.3)** | **211.3** | **327.2** | **8.4** | **335.6** |

**Consolidated Statement of Cash Flows**

For the 52 weeks ended 31 March 2024 (52 weeks ended 2 April 2023)

| | Notes | **2024 $'m** | 2023 $'m |
|---|---|---|---|
| **Net cash generated from operating activities** | 7 | **78.3** | 55.7 |
| | | | |
| Cash flow used in investing activities | | | |
| Interest received | | **1.8** | 0.3 |
| Acquisition of businesses, net of cash acquired | 13 | **(134.3)** | (5.1) |
| Deferred and contingent consideration for businesses acquired | 13 | **(2.2)** | (7.1) |
| Proceeds on disposal of intangible assets, property, plant and equipment | | **0.4** | 0.1 |
| Purchases of property, plant and equipment | | **(27.5)** | (14.4) |
| Purchases of intangible assets | | **(4.1)** | (3.9) |
| Purchase of shares in associate | | **(2.3)** | – |
| Proceeds from the repayment of preference shares | | **0.9** | 0.3 |
| Net cash used in investing activities | | **(167.3)** | (29.8) |
| | | | |
| Cash flows before financing activities | | **(89.0)** | 25.9 |
| Cash (used)/generated before adjusting items | | **(82.0)** | 28.1 |
| Cash used in respect of adjusting items | | **(7.0)** | (2.2) |
| | | | |
| Cash flow generated from financing activities | | | |
| Dividend paid | | **(6.7)** | (5.7) |
| Net purchase of shares for share schemes | | **(9.3)** | (7.2) |
| Refinancing costs paid | 8 | **(0.3)** | (0.5) |
| Proceeds of shares issued | | **72.3** | – |
| New bank loans raised | 8 | **129.9** | 25.0 |
| Repayment of borrowings | 8 | **(79.0)** | (35.3) |
| Outflow from factoring | 8 | – | (0.7) |
| Interest element of lease payments | 8 | **(2.7)** | (1.7) |
| Receipt from lease debtor | | **0.2** | 0.5 |
| Capital element of lease payments | 8 | **(8.9)** | (5.8) |
| Net cash generated/(used in) from financing activities | | **95.5** | (31.4) |
| | | | |
| Net increase/(decrease) in cash and cash equivalents | | **6.5** | (5.5) |
| | | | |
| Cash and cash equivalents at beginning of period | | **20.7** | 25.9 |
| Effect of foreign exchange rate changes | | **1.6** | 0.3 |
| Cash and cash equivalents at end of period | 8 | **28.8** | 20.7 |

## 1 Basis of preparation

The preliminary announcement for the 52 weeks ended 31 March 2024 has been prepared in accordance with the accounting policies as disclosed in Volex plc's Annual Report and Accounts 2023, as updated to take effect of any new accounting standards applicable for the period as set out in Volex plc's Interim Statement 2024.

The annual financial information presented in this preliminary announcement is based on, and is consistent with, that in the Group's audited financial statements for the 52 weeks ended 31 March 2024, and those financial statements will be delivered to the Registrar of Companies following the Company's Annual General Meeting. The independent auditors' report on those financial statements is unqualified and does not contain any statement under section 498 (2) or 498 (3) of the Companies Act 2006.

Information in this preliminary announcement does not constitute statutory accounts of the Group within the meaning of section 434 of the Companies Act 2006. The full financial statements for the Group for the 52 weeks ended 2 April 2023 have been delivered to the Registrar of Companies. The independent auditors' report on those financial statements was unqualified and did not contain a statement under section 498 (2) or 498 (3) of the Companies Act 2006.

**Going concern**

The Group's financial statements have been prepared on the going concern basis, which contemplates the continuity of normal business activity 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 2025, which is based on the FY2025 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 49 to 55 of the Annual Report. The Directors have considered the potential impact of climate related physical and transition risks as part of 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 the last 20 years, and still provides significant covenant and liquidity headroom. Subsequent to the year end, the Group has taken advantage of favourable conditions to increase and extend its credit facilities, thereby further enhancing covenant compliance and liquidity headroom. See note 14 for more details.

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.

This preliminary announcement was approved by the Board of Directors on 26 June 2024.

## 2 Business and geographical segments

### Operating segments

Segment information is based on the information provided to the chief operating decision maker, 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 31 March 2024.

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 31 March 2024** | | 52 weeks to 2 April 2023 | |
|---|---|---|---|---|
| | **Revenue $'m** | **Profit/(loss) $'m** | Revenue $'m | Profit/(loss) $'m |
| North America | **372.3** | **32.8** | 339.8 | 30.9 |
| Asia | **185.1** | **13.9** | 171.4 | 12.5 |
| Europe | **355.4** | **52.9** | 211.6 | 31.5 |
| Unallocated Central costs | **–** | **(9.9)** | – | (7.6) |
| Divisional results before share-based payments and adjusting items | **912.8** | **89.7** | 722.8 | 67.3 |
| Adjusting items | | **(19.5)** | | (9.8) |
| Share-based payment charge | | **(6.3)** | | (3.7) |
| Operating profit | | **63.9** | | 53.8 |
| Share of net profit from associates | | **3.2** | | 1.1 |
| Finance income | | **1.3** | | 0.4 |
| Finance costs | | **(16.8)** | | (9.5) |
| Profit before taxation | | **51.6** | | 45.8 |
| Taxation | | **(11.4)** | | (8.4) |
| Profit after taxation | | **40.2** | | 37.4 |

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

## 2 Business and geographical segments (continued)

### Geographical information

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

| | Revenue | | Non-Current Assets | |
|---|---|---|---|---|
| | **2024** | 2023 | **2024** | 2023 |
| | **$'m** | $'m | **$'m** | $'m |
| North America | **372.3** | 339.8 | **53.0** | 51.4 |
| Asia | **185.1** | 171.4 | **72.3** | 59.0 |
| Europe | **355.4** | 211.6 | **270.0** | 103.6 |
| | **912.8** | 722.8 | **395.3** | 214.0 |

## 3 Adjusting items and share-based payments

| | **2024** | 2023 |
|---|---|---|
| | **$'m** | $'m |
| Acquisition-related costs | **3.8** | 1.3 |
| Acquisition-related remuneration (see note 13) | **1.6** | 0.9 |
| Adjustment to fair value of contingent consideration | **(1.3)** | (1.3) |
| Cyber incident costs | **2.0** | – |
| Amortisation of acquired intangibles | **13.4** | 8.9 |
| **Total adjusting items** | **19.5** | 9.8 |
| Share-based payments | **6.3** | 3.7 |
| **Total adjusting items and share-based payments before tax** | **25.8** | 13.5 |
| Tax effect of adjusting items and share-based payments (note 4) | **(4.5)** | (2.3) |
| **Total adjusting items and share-based payments after tax** | **21.3** | 11.2 |

Adjusting items include costs that are one-off in nature and significant as well as the non-cash amortisation of acquired intangible assets. The adjusting items and share-based payments are included under the statutory classification appropriate to their nature but are separately disclosed on the face of the income statement to assist in understanding the underlying financial performance of the Group.

**3 Adjusting items and share-based payments (continued)**

Acquisition-related costs of $3.8m (2022: $1.3m) 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 Murat Ticaret Kablo Sanayi A.Ş. ('Murat Ticaret') ($3.7m). The remaining acquisition costs relate to other potential acquisitions that have been or are being pursued.

During the prior year, the $1.3m of acquisition-related costs consisted of legal and professional fees associated with the acquisitions of Review Display Systems ('RDS') ($0.2m), Murat Ticaret ($0.6m) and inYantra Technologies Pvt Ltd ('inYantra') ($0.1m), with the remainder relating to other potential acquisitions that have been or are being pursued.

The adjustment to the fair value of contingent consideration relates to the final 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 $13.4m (2023: $8.9m) for the period. The increase from the prior year is primarily caused by the amortisation of the intangibles recognised as a result of the Murat Ticaret acquisition. This was partially offset by the completion of acquired customer relationships and customer order backlogs being fully amortised during the period.

In October 2023 the Group experienced a cyber incident. Costs associated with the recovery and remediation of systems were $2.0m.

Acquisition-related remuneration consists of additional payments due in relation to post-acquisition performance, to meet ongoing service conditions associated with the acquisitions of RDS and Murat Ticaret. For both acquisitions, the post-acquisition performance period is up to two years.

## 4 Taxation

| | 2024 | | | 2023 | | |
|---|---|---|---|---|---|---|
| | **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 | **(18.3)** | **1.3** | **(17.0)** | (14.7) | 0.2 | (14.5) |
| Current tax – adjustment in respect of previous periods | **(0.1)** | **–** | **(0.1)** | 0.1 | – | 0.1 |
| Total current tax expense | **(18.4)** | **1.3** | **(17.1)** | (14.6) | 0.2 | (14.4) |
| Deferred tax – credit for the period | **2.5** | **3.2** | **5.7** | 4.5 | 2.1 | 6.6 |
| Deferred tax – adjustment in respect of previous periods | **–** | **–** | **–** | (0.6) | – | (0.6) |
| Total deferred tax credit | **2.5** | **3.2** | **5.7** | 3.9 | 2.1 | 6.0 |
| Income tax expense | **(15.9)** | **4.5** | **(11.4)** | (10.7) | 2.3 | (8.4) |

UK corporation tax is calculated at the standard rate of 25% (2023: 19%) of the estimated assessable profit for the period. Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

The Group's effective tax rate for the period of 22.1% (2023: 18.3%) is lower (2023: 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:

| | 2024 | | | 2023 | | |
|---|---|---|---|---|---|---|
| | **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 | **77.4** | **(25.8)** | **51.6** | 59.3 | (13.5) | 45.8 |
| Tax at the UK corporation tax rate | **(19.4)** | **6.5** | **(12.9)** | (11.3) | 2.6 | (8.7) |
| Tax effect of: | | | | | | |
| Expenses that are not deductible and income that is not taxable in determining taxable profit | **(1.7)** | **(0.6)** | **(2.3)** | (1.0) | (0.8) | (1.8) |
| Incentives and reduced rate regimes | **3.4** | **–** | **3.4** | 0.9 | – | 0.9 |
| Foreign exchange and inflation on entities with different tax and functional currencies | **0.1** | **–** | **0.1** | (1.9) | – | (1.9) |
| Adjustment in respect of previous periods | **(0.1)** | **–** | **(0.1)** | (0.5) | – | (0.5) |
| Changes to tax rates | **(0.2)** | **(1.2)** | **(1.4)** | (0.4) | 0.1 | (0.3) |
| Overseas tax rate differences | **1.6** | **(0.2)** | **1.4** | (0.7) | 0.2 | (0.5) |
| Current year tax losses and other items not recognised | **(0.2)** | **–** | **(0.2)** | (1.5) | – | (1.5) |
| Recognition of previously unrecognised deferred tax assets | **0.7** | **–** | **0.7** | 5.8 | 0.2 | 6.0 |
| Derecognition of previously recognised deferred tax assets | **(0.1)** | **–** | **(0.1)** | (0.1) | – | (0.1) |
| **Income tax expense** | **(15.9)** | **4.5** | **(11.4)** | (10.7) | 2.3 | (8.4) |

## 4 Taxation (continued)

Included in the non-deductible tax items is a net increase to the Group's estimated exposure arising from uncertain tax positions of $0.7m (2023: decrease of $0.6m).

The benefits from incentives and reduced rate regimes primarily arise from R&D and investment incentives and corporate tax rate reductions in respect of export activities.

A deferred tax credit of $0.7m (2023: $6.0m) 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.

The income tax credit reported directly in equity of $0.8m (2023: expense of $0.4m) relates to share-based payments and consists of a current tax credit of $0.7m (2023: $0.7m) and a deferred tax credit of $0.1m (2023: expense of $1.1m).

On 20 June 2023, Finance (No.2) Act 2023 was substantively enacted in the UK, implementing the OECD's Pillar Two model rules and introducing a global minimum effective tax rate of 15% for large groups for financial years beginning on or after 31 December 2023. Taxation balances are adjusted for a change in tax law if the change has been substantively enacted by the balance sheet date. However, the amendments to IAS 12 'Income Taxes' issued by the IASB provide an exemption from the requirement to recognise and disclose deferred taxes arising from enacted or substantively enacted tax law relating to Pillar Two taxes.

Based on an initial analysis of the current year financial data, most territories in which the Group operates are expected to qualify for one of the safe harbour exemptions such that top-up taxes should not apply. In territories where this is not the case there is the potential for Pillar Two taxes to apply, but these are not expected to be material. The Group continues to refine this assessment and analyse the future consequences of these rules.

## 5 Earnings per ordinary share

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

| **Earnings** | **2024**<br>**$'m** | 2023<br>$'m |
|---|---|---|
| Profit for the purpose of basic and diluted earnings per share being net profit attributable to owners of the parent | **39.3** | 36.8 |
| Adjustments for: | | |
| Adjusting items | **19.5** | 9.8 |
| Share-based payments charge | **6.3** | 3.7 |
| Tax effect of adjusting items and share-based payments | **(4.5)** | (2.3) |
| Underlying earnings | **60.6** | 48.0 |

| | **No. shares** | No. shares |
|---|---|---|
| Weighted average number of ordinary shares for the purpose of basic earnings per share | **179,909,482** | 158,681,078 |
| Effect of dilutive potential ordinary shares/share options | **3,421,442** | 7,896,423 |
| Weighted average number of ordinary shares for the purpose of diluted earnings per share | **183,330,924** | 166,577,501 |

| **Basic earnings per share** | **2024**<br>**Cents** | 2023<br>Cents |
|---|---|---|
| Basic earnings per share | **21.8** | 23.2 |
| Adjustments for: | | |
| Adjusting items | **10.9** | 6.1 |
| Share-based payments charge | **3.5** | 2.3 |
| Tax effect of adjusting items and share-based payments | **(2.5)** | (1.4) |
| Underlying basic earnings per share | **33.7** | 30.2 |

## 5 Earnings per ordinary share (continued)

| Diluted earnings per share | **2024 Cents** | 2023 Cents |
|---|---|---|
| Diluted earnings per share | **21.4** | 22.1 |
| Adjustments for: | | |
| Adjusting items | **10.6** | 5.9 |
| Share-based payments charge | **3.4** | 2.2 |
| Tax effect of adjusting items and share-based payments | **(2.4)** | (1.4) |
| Underlying diluted earnings per share | **33.0** | 28.8 |

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

## 6 Bank facilities

The Group has a $240m committed facility (the 'facility') together with an additional $60m uncommitted accordion (the 'accordion'). This financing arrangement is supported by a consortium that comprises HSBC UK Bank plc, Citibank, N.A. London branch, Barclays Bank PLC, Fifth Third Bank, National Association and UniCredit Bank AG, London branch. Within the framework of the Group's banking structure, floating charges are placed on certain subsidiaries and their assets. The accordion feature provides further capacity for potential future acquisitions. This facility comprises a $165m revolving credit facility and a $75m term loan. The borrowing is secured by fixed and floating charges over the assets of certain Group companies. As at the year end, these totalled $251.0m (2023: $226.5m).

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.

## 7 Notes to statement of cash flows

| | **2024 $'m** | 2023 $'m |
|---|---|---|
| **Profit for the period** | **40.2** | 37.4 |
| Adjustments for: | | |
| Finance income | **(1.3)** | (0.4) |
| Finance costs | **16.8** | 9.5 |
| Income tax expense (note 4) | **11.4** | 8.4 |
| Share of net profit from associates | **(3.2)** | (1.1) |
| Depreciation of property, plant and equipment (note 10) | **12.3** | 8.2 |
| Depreciation of right-of-use assets (note 10) | **7.4** | 4.8 |
| Amortisation of intangible assets | **15.6** | 10.2 |
| Loss on disposal of property, plant and equipment | **–** | 0.1 |
| Share-based payment charge | **6.3** | 3.7 |
| Contingent consideration adjustments (note 3) | **(1.3)** | (1.3) |
| Decrease in provisions | **(1.5)** | (1.1) |
| **Operating cash flow before movement in working capital** | **102.7** | 78.4 |
| Increase in inventories | **(5.6)** | (0.2) |
| Increase in receivables | **(17.4)** | (15.4) |
| Increase in payables | **24.9** | 7.0 |
| **Movement in working capital** | **1.9** | (8.6) |
| | | |
| **Cash generated from operations** | **104.6** | 69.8 |
| Cash generated from operations before adjusting items | **111.6** | 72.0 |
| Cash used by adjusting operating items | **(7.0)** | (2.2) |
| Taxation paid | **(14.9)** | (7.9) |
| Interest paid | **(11.4)** | (6.2) |
| **Net cash generated from operating activities** | **78.3** | 55.7 |

## 8 Analysis of net debt

| | Cash and cash equivalents $'m | Bank loans $'m | Factoring $'m | Lease liabilities $'m | Debt issue costs $'m | Total $'m |
|---|---|---|---|---|---|---|
| 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)** |
| Business combination | **15.8** | **(4.1)** | **–** | **(6.6)** | **–** | **5.1** |
| Cash flow | **(9.3)** | **(50.9)** | **–** | **11.6** | **0.3** | **(48.3)** |
| New leases entered into during the year | **–** | **–** | **–** | **(5.1)** | **–** | **(5.1)** |
| Lease interest | **–** | **(0.2)** | **–** | **(2.7)** | **–** | **(2.9)** |
| Exchange differences | **1.6** | **(0.2)** | **–** | **0.2** | **–** | **1.6** |
| Amortisation of debt issue costs | **–** | **–** | **–** | **–** | **(0.7)** | **(0.7)** |
| **At 31 March 2024** | **28.8** | **(146.9)** | **–** | **(37.4)** | **1.5** | **(154.0)** |

Debt issue costs relate to bank facility arrangement fees. In August 2023 the Group extended the facility by $40m, thereby increasing the facility to $240m. The $0.3m of costs associated with the extension request were capitalised. During the prior year, $0.5m of costs associated with a one year extension request were capitalised.

| Analysis of cash and cash equivalents: | **2024 $'m** | 2023 $'m |
|---|---|---|
| Cash and bank balances | **29.8** | 22.5 |
| Bank overdrafts | **(1.0)** | (1.8) |
| | **28.8** | 20.7 |

## 9 Provisions

| | Property | Restructuring | Other | Total |
|---|---|---|---|---|
| | $'m | $'m | $'m | $'m |
| 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 |
| Credit in the period | **0.2** | **–** | **–** | **0.2** |
| Utilisation of provision | **–** | **–** | **–** | **–** |
| Amounts acquired on business combination | **0.5** | **–** | **1.9** | **2.4** |
| Exchange differences | **–** | **–** | **–** | **–** |
| **At 31 March 2024** | **1.1** | **–** | **2.8** | **3.9** |
| Current liabilities | **0.1** | **–** | **2.8** | **2.9** |
| Non-current liabilities | **1.0** | **–** | **–** | **1.0** |

**Property**
As part of the acquisition of Murat Ticaret, the Group recognised a dilapidations provision of $0.6m associated with the acquired manufacturing sites.

**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 prior year and the provision was fully utilised.

**Other**
The Group has a provision of $1.0m (2023: $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. 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. As part of the acquisition of Murat Ticaret, the Group recognised a $1.9m liability associated with employment and other claims.

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

| | **2024** | 2023 |
|---|---|---|
| | **$'m** | $'m |
| Operating profit | **63.9** | 53.8 |
| Add back: | | |
| Adjusting operating items | **19.5** | 9.8 |
| Share-based payment charge | **6.3** | 3.7 |
| **Underlying operating profit** | **89.7** | 67.3 |
| Depreciation of property, plant and equipment | **12.3** | 8.2 |
| Depreciation of right-of-use assets | **7.4** | 4.8 |
| Amortisation of intangible assets not acquired in a business combination | **2.2** | 1.3 |
| **Underlying EBITDA** | **111.6** | 81.6 |

## 11 Share capital

| | **Ordinary shares of £0.25 each Number** | **Par Value $'m** | **Share Premium $'m** | **Total $'m** |
|---|---|---|---|---|
| Allotted, called up and fully paid: | | | | |
| **At 3 April 2022** | 158,718,709 | 62.5 | 60.9 | 123.4 |
| Issue of new shares – scrip dividend | 388,376 | 0.2 | (0.2) | – |
| **At 2 April 2023** | 159,107,085 | 62.7 | 60.7 | 123.4 |
| Issue of new shares – scrip dividend | **692,267** | **0.2** | **(0.2)** | **–** |
| Equity raise | **21,818,181** | **6.7** | **1.5** | **8.2** |
| **At 31 March 2024** | **181,617,533** | **69.6** | **62.0** | **131.6** |

During the current year there was an issue of new ordinary shares. Shareholders were able to elect to receive ordinary shares in place of the final dividend of 2.6p per ordinary share (in relation to year ended 2 April 2023) and the interim dividend of 1.4p (in relation to the current year) under the terms of the Company's scrip dividend scheme. This resulted in the issue of 478,491 and 213,776 new fully paid ordinary shares respectively (2023: 377,615 and 10,761 respectively).

On 22 June 2023, the Group completed an equity raise to raise finances for the completion of the acquisition of Murat Ticaret. The Group issued 21,818,181 new ordinary shares of 25 pence each, comprising the 'Placing Shares' and the 'Retail Offer Shares' (together, the 'equity raise'). The shares were issued at a price of 275 pence per share, representing a discount of 3.8% to the closing share price of 286 pence per share on 21 June 2023. In aggregate, the equity raise represented gross proceeds of £60.0m ($74.0m) and net proceeds of £58.6m ($72.3m).

## 12 Own shares and non-distributable reserves

| Own shares | **2024 $'m** | 2023 $'m |
|---|---|---|
| At the beginning of the period | **1.0** | 0.2 |
| Purchase of shares | **9.1** | 5.0 |
| Sale of shares | **(5.8)** | (4.2) |
| **At end of the period** | **4.3** | 1.0 |

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.

The number of ordinary shares held by The Volex Group PLC Employees' Share Trust at 31 March 2024 was 1,047,529 (2023: 233,978). The market value of the shares as at 31 March 2024 was $3.8m (2023: $0.6m).

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 1,524,813 (2023: 1,242,155) shares were utilised on the exercise of share awards. During the year, the Company purchased 2,338,364 shares (2023: 1,422,928) at a cost of $9.1m (2023: $5.0m) and issued zero new shares to the Trust (2023: zero).

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.

## 13 Business combinations

### Murat Ticaret Kablo A.Ş.

On 31 August 2023, the Group completed the acquisition of 100% of the share capital of Murat Ticaret Kablo A.Ş. ('Murat Ticaret') a leading manufacturer of complex wire harnesses, headquartered in Türkiye. Murat Ticaret has a number of subsidiaries which have minority interests. The acquisition expands the Group presence in the off-highway sector with operations on three continents and nine manufacturing sites.

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

| **Provisional Fair value of consideration transferred** | **$'m** |
|---|---|
| Initial consideration | 150.2 |
| Deferred consideration | 6.0 |
| Contingent consideration | 39.8 |
| **Total purchase consideration** | **196.0** |

## 13 Business combinations (continued)

Initial consideration includes initial cash of $150.1m and an estimated working capital adjustment payable of $0.1m. Deferred consideration is the fair value of a €7.5m payment due in 2029.

The contingent consideration is dependent upon certain EBITDA targets being met post-acquisition over two one-year measurement periods. The fair value above has been based on the probable outcome of each based upon the information available at 31 March 2024. The maximum undiscounted contingent consideration payment across the two periods is $43.1m (€40m).

In addition to these payments, a further $2.0m is payable upon certain service conditions being met over a two year period. In accordance with IFRS 3, this is accounted for as remuneration rather than deferred or contingent considerations due to the ongoing service conditions. An expense of $0.7m has been recorded in adjusting items related to this post-acquisition performance.

An exercise has been conducted to assess the provisional fair values of assets acquired and liabilities assumed. This exercise identified customer relationships and order backlog intangible assets. Property, plant and equipment were uplifted following an external valuation. 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 | 101.9 |
| Property, plant and equipment | 26.3 |
| Right-of-use asset | 6.6 |
| Inventories | 47.4 |
| Trade receivables | 39.7 |
| Cash | 15.8 |
| Other debtors and creditors | (9.3) |
| Trade payables | (27.5) |
| Provisions | (2.4) |
| Retirement benefit obligations | (4.8) |
| Loans | (4.1) |
| Lease liabilities | (6.6) |
| Deferred taxes | (26.1) |
| Total identifiable assets | 156.9 |
| Less non-controlling interest | (0.2) |
| Goodwill | 39.3 |
| Consideration | 196.0 |

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 assets and goodwill and a possible adjustment to the amortisation charge shown in the income statement. The non-controlling interest has been initially measured at fair value.

## 13 Business combinations (continued)

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 FY2024, the Murat Ticaret businesses contributed $132.4m to Group revenue, $20.6m to adjusted operating profit and $10.5m to operating profit. Associated acquisition-related costs of $3.7m, acquisition-related remuneration of $0.7m and intangible asset amortisation of $7.4m have all 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 $216.7m and operating profit of $24.6m to the results of the Group.

Net cash outflows in respect of acquisitions comprises:

| **Net cash outflow on acquisitions** | **$'m** |
| --- | --- |
| Cash consideration | |
| – Murat Ticaret | 150.1 |
| **Total cash consideration** | **150.1** |
| Less: cash and cash equivalents acquired | |
| – Murat Ticaret | (15.8) |
| **Net cash outflow for Murat Ticaret** | **134.3** |
| | |
| **Payment of deferred and contingent consideration** | |
| – DE-KA | **2.2** |
| **Total cash outflow** | **136.5** |

## 14 Events after balance sheet date

In June 2024 the Group completed a refinancing of its banking facilities, with an eight-bank club. An enlarged $600 million facility replaced the Group's existing $300 million multicurrency revolving credit facility. The new facility has an initial four-year term, with an extension option for one additional year. It comprises a $400 million revolving credit facility and an additional $200 million uncommitted accordion. The new facility is unsecured, with improved interest margins and an improved net debt to underlying EBITDA covenant.

## 15 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.

### 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 10.

### Underlying basic earnings per share and underlying diluted earnings per share

Underlying basic earnings per share is defined by the profit attributable to the owners of the parent company, excluding adjusting items, divided by the weighted average number of shares 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 5.

### Organic growth

As the group has undertaken twelve acquisitions in the past six years, management uses organic revenue growth so that meaningful year-on-year comparisons can be made.

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.

| **Revenue** | **Electric Vehicles $'m** | **Consumer Electricals $'m** | **Medical $'m** | **Complex Industrial Technology $'m** | **Off-Highway $'m** | **Total $'m** |
|---|---|---|---|---|---|---|
| **2023 revenue reported** | **138.3** | **261.8** | **145.0** | **177.7** | **-** | **722.8** |
| Restatement * | - | (2.2) | - | (20.0) | 22.2 | - |
| **2023 revenue restated** | **138.3** | **259.6** | **145.0** | **157.7** | **22.2** | **722.8** |
| FX impact | (1.4) | (5.0) | 3.7 | 0.8 | (0.4) | (2.3) |
| **2023 revenue at 2024 FX rates** | 136.9 | 254.6 | 148.7 | 158.5 | 21.8 | 720.5 |
| Organic growth | (13.2) | (19.3) | 22.7 | 50.5 | 8.7 | 49.4 |
| *Organic growth %* | *(9.6%)* | *(7.6%)* | *15.3%* | *31.9%* | *39.9%* | *6.9%* |
| Acquisitions | - | - | 6.1 | 4.4 | 132.4 | 142.9 |
| **2024 revenue** | **123.7** | **235.3** | **177.5** | **213.4** | **162.9** | **912.8** |

* Upon acquisition of Murat Ticaret we gained scale in the Off-Highway market, allowing us to launch a new fifth market sector. Previously we reported sales to Off-Highway customers from our sites in North America and Asia within Consumer Electricals and Complex Industrial Technology. This has been restated to ensure comparability going forwards.

## 15 Alternative performance measures (continued)

### Leverage and interest cover covenants

At the year end, the Group had a $240m committed facility together with an additional $60m uncommitted accordion, which has since been refinanced to an increased $400m committed facility, with an additional $200m uncommitted accordion.

The terms of the RCF require the Group to perform quarterly financial covenant calculations with respect to leverage (net debt (before operating leases) 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 leases) 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 | **2024 $'m** | 2023 $'m |
|---|---|---|---|
| Net debt | 8 | (154.0) | (103.7) |
| Lease liabilities | 8 | 37.4 | 34.8 |
| Finance leases | | (4.5) | (7.5) |
| **Net debt (before operating lease liabilities)** | | **(121.1)** | (76.4) |
| | | | |
| Underlying EBITDA | | 111.6 | 81.6 |
| Depreciation of right-of-use assets | | (7.4) | (4.8) |
| Prorated acquired EBITDA | | 15.5 | - |
| **Covenant EBITDA** | | **119.7** | 76.8 |
| | | | |
| Interest on bank overdrafts and loans | | 11.2 | 6.4 |
| Interest on finance leases | | 0.4 | 0.4 |
| **Covenant interest** | | **11.6** | 6.8 |
| | | | |
| Covenant leverage | | 1.0x | 1.0x |
| Covenant interest cover | | 10.3 | 11.0 |

### Free cash flow and underlying free cash flow

Free cash flow and underlying free cash flow are used where they allow for year-on-year comparisons to be made by excluding cost of acquisitions and adjusting items which vary year-to-year.

Free cash flow is defined as the net cash flow before financing activities excluding the net outflow from the acquisition of subsidiaries.

## 15 Alternative performance measures (continued)

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

| | Note | **2024 $'m** | 2023 $'m |
|---|---|---|---|
| Cash flow before financing activities | | (89.0) | 25.9 |
| Less: Acquisition of businesses, net of cash acquired | 13 | 134.3 | 5.1 |
| Less: Contingent consideration for businesses acquired | 13 | 2.2 | 7.1 |
| Less: Purchase of shares in associate | | 2.3 | - |
| **Free cash flow** | | **49.8** | 38.1 |
| Less: Cash utilised in respect of adjusting items | | 7.0 | 2.2 |
| **Underlying free cash flow** | | **56.8** | 40.3 |